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August 23, 1944
10:45 a.m.

OPA vs. MUNSINGWEAR

Present: Mr. Lynch
Mr. Olrich
Mrs. Klotz

MR. OLRICH: We are just running down some of the statements of the Little Flower at the meeting yesterday.

H.M.JR: Are we in any way involved?

MR. OLRICH: Haven't been yet. He intimates that he has gotten surplus, but we have the Secret Service on it, and have been on it since half an hour after he made the statements.

H.M.JR: I thought the implication was somebody offered it.

MR. OLRICH: That they had a pipeline to Washington in which they got advance information, and they were offering some stuff at prices far below their market value. We have traced back that they were sold by the manufacturer of the rubber gloves to somebody, who offered them to somebody. There has been no evidence of any wrong-doing, carelessness or indifference, yet, on the part of any member of the Treasury organization. We will have a complete report on it this afternoon. We have got five agents working on it.

H.M.JR: Will you let me know, and let Charlie Shaeffer know?

MR. OLRICH: We will give you a complete statement as soon as we get it, and it will be issued to your office.

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I think it should be issued eventually to the public because the Little Flower indicated that there were gross irregularities.

H.M.JR: I would like you to get it to me direct.

MR. OLRICH: Yes, we will have a complete statement for you. As I say, by two o'clock yesterday we were interviewing people.

H.M.JR: Well, he makes these statements often.

MR. OLRICH: The only trouble is that he sets his mouth running and walks away and leaves it.

H.M.JR: I have had that sort of thing before.

MR. OLRICH: I will tell you this, there have been many statements of apparent indifference to regulations, carelessness, but no charges of dishonesty. There hasn't been a single instance yet that has been proven against us. When we have run it down, there has been nothing - not even smoke. It has simply been careless, indifferent statements on the part of disgruntled people.

H.M.JR: Now let's talk about Olrich.

MR. OLRICH: Yes, sir.

H.M.JR: Where does Olrich stand?

MR. OLRICH: He stands just where he stood when he left this office.

H.M.JR: But I got this note from Lynch, here. It says Olrich may have to leave September 10.

MR. OLRICH: The reason for that is, Mr. Secretary, Mr. O'Connell got in touch with the attorneys at the OPA and asked for an extension of filing, and the OPA attorneys - Mr. Field - whoever I talked to - I think Mr. Field - stated they usually left those things to the field. The

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field served notice on Munsingwear that it was necessary they have their answer in the hands of the local office, and to the courts, by the 12th of August. I had to leave within two days and go to Minneapolis and prepare the answers to the suit. The answer has already been filed with the courts. I have a copy of the answer here.

In working with our attorneys, the attorney stated that if the suit was to go to trial it would be on the next term of court, which would be sometime the latter part of September, at which time the court would fix a date for the hearing or for the trial itself.

In that event, the case would go to trial sometime about the middle of October; after the jury cases are heard, then the court cases will be heard. This is a case which will be heard by the court itself.

In that case I would have to be in Minneapolis to help prepare the information and get affidavits, and be prepared to go on the witness stand as the most important witness of Munsingwear in this suit. The period of filing papers has gone. In other words, it took me four days to work with them and get the answer.

But then, the trial may be of any duration, and will require a considerable amount of time, because I would have to get affidavits of salesmen, buyers, and people with whom we do business.

H.M.JR: When does the trial start?

MR. OLRICH: The trial may be any time after the 10th of September. The date would be set about the 10th of September, and it is possible that the trial may start as early as the first of October, but probably nearer the 14th, with one exception, and that is that the OPA Washington Office were to demand an injunction preventing us from continuing to use these prices. Then it could go to trial immediately on the first or second or third of September - as soon as the court would convene.

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H.M.JR: You are still using these prices they objected to?

MR. OLRICH: Yes, sir, because we believe we are right. That is part of the penalty of the suit. They are trying to get an injunction against us. We are claiming we are not in error, so we are using these prices.

H.M.JR: What happened to this committee?

MR. OLRICH: Nothing has ever been done on that, sir.

H.M.JR: You mean it never was created?

MR. OLRICH: It never was created, and Mr. Clayton has never been able to get together with Mr. Brownlee. Mr. Brownlee said he would call Mr. Clayton and discuss the matter with him, and nothing has happened since. I have called Mr. Clayton several times. He says, "Mr. Olrich, I just can't quite understand it. They just don't call me. I have called him a number of times and nothing happens."

Now, as it stands, I have been able to submit the things that we wanted to submit. I showed them to Mr. Clayton. I said, "Mr. Clayton, before you go to Mr. Brownlee you want to see the basis of our conversation."

H.M.JR: Do you suppose I should call up Clayton and try to find out where we stand?

MR. OLRICH: I don't think he is in his office now. I think he is before the Senate today.

H.M.JR: We will find out. Is he still testifying?
(The Secretary places a call to Mr. Will Clayton)

MR. OLRICH: Yes, sir. He has been before all sorts of Committees. I have been before the Truman Committee, myself.

H.M.JR: He is getting kind of shoved around, isn't he?

MR. LYNCH: Quite a bit, yes.

H.M.JR: Have you got all these facts at your fingertips about what Joe O'Connell has done?

MR. LYNCH: I think so, Mr. Secretary. My information is the same as what Mr. Olrich has stated.

H.M.JR: When did you talk to Clayton last?

MR. OLRICH: When I returned from this suit, and nothing had been done then.

MR. LYNCH: That was about August 10.

H.M.JR: And if nothing happens, what are your proposed plans?

MR. OLRICH: Well, I will begin talking to our attorneys. I am going home on September first, and I will talk to our attorneys and find out when I will have to be there to help prepare the case. Preparing the case depends on the trial date.

H.M.JR: They think they can get Clayton in ten minutes.

MR. OLRICH: You see, I am in the situation, Mr. Secretary - our counsel has notified the Directors of Munsingwear that I would be the chief witness and that the trial hinges principally around my testimony - the preparation of a suit in which there were to be no damages. If we lose it would be one hundred and seventy-five thousand dollars, and if they tried to invoke triple damages it would be half a million dollars, and then the fact we would not be able to use these prices, but substantially reduce our prices to the point where there would be no profit in manufacturing these goods - but we would have to continue to manufacture to stay in business. So much is involved that the Directors could be charged by the stockholders of being derelict in their duties in not having had the President of the company assist in the preparation of that suit.

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If we win it, and we think we will win it - but if we were to lose it there might be an action against the Directors, and the Directors have, by resolution, served notice on me that I must return to prepare that suit.

H.M.JR: Did anybody ever talk to Chester Bowles, direct?

MR. OLRICH: Mr. Clayton was to talk to Mr. Bowles. Mr. Bowles couldn't be reached and we went to Mr. Rogers. Mr. Rogers turned me over to Ketcham, and Ketcham reviewed the matter and turned me over to Mr. Fields. I sat with Mr. Field and I repeated the information that I had given to Mr. Ketcham. Mr. Field said, "Well, it is just too bad, but we believe that you are guilty of a technical violation of the law and we are going to continue with the suit, period."

"Well," I said, "you haven't looked at my figures and stuff."

He said, "They have looked at them in the field and that is enough for us."

He was very polite, but the case was decided before I had a chance to present my side of it, in my opinion. They then wrote me a letter and asked me to supply certain information. The information they asked me to supply they already had, and the tone of the letter was such that they were again indicting me. In fact, they said, "Indeed, you are continuing certain practices--" So we never even bothered answering the letter; we preferred not to answer the letter.

When I read the letter to Mr. O'Connell he said it was anything but an attempt to resolve the case, but indicated that the case is closed against me.

H.M.JR: What would your advice be? Clayton has gotten nowhere. Do you think I should call up Chester Bowles and ask him to come over and see me about this?

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MR. LYNCH: My own notion would be that it would be preferable to talk with Clayton and see what he could do promptly on it. I think that he has the largest stake in this. I would rather see you do that first, before talking with Bowles.

MR. OLRICH: In one month, Mr. Secretary, I will have the complete organization of this thing set up - district managers, salesmen, everything - no matter what happens to me it is all right, but I have to have that month. I will have every office in shape to continue.

H.M.JR: How would it be if I called up Byrnes and told him this stuff and asked his advice on this? Doesn't Clayton come under Byrnes?

MR. LYNCH: Yes.

MR. OLRICH: If I might make a suggestion, I think that Mr. Clayton should answer to you on what he has been able to do.

H.M.JR: Before I do anything more?

MR. OLRICH: Yes, and then if he feels that he can go no further, then I think it is your decision.

H.M.JR: All right.

MR. LYNCH: You might be disposed to talk with Mr. Bowles after talking with Mr. Clayton, and also have Mr. Clayton make known his interest.

H.M.JR: My own hunch is that Clayton is too busy. I would rather go to Byrnes.

MR. OLRICH: Mr. Clayton is over his head in legislation at the present moment.

H.M.JR: I would rather go to Byrnes because Clayton and Bowles both come under him, don't they?

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MR. LYNCH: Bowles only in a very modified way.

H.M.JR: Whom does he come under - Vinson?

MR. LYNCH: No, it is an independent office under the statute.

H.M.JR: Is he responsible to Vinson or Bowles?

MR. LYNCH: He is responsible through Vinson to Byrnes.

H.M.JR: I can go to Vinson.

MR. LYNCH: Well, Vinson has no connection with Surplus Property, whatsoever. But Byrnes does. So Byrnes has an interest both in OPA and--

H.M.JR: Vinson comes under Byrnes, too?

MR. LYNCH: That is right. So I should think that Byrnes would be more logical.

MR. OLRICH: If we lose the suit with me, that is one thing; if they lose the suit without me, that would be another thing. You can see the position of our Directors.

H.M.JR: If you go, what do you have in mind as to your relationship with the Treasury?

MR. OLRICH: I would have to sever my relationship with the Treasury because, Mr. Secretary, I may be gone two months, and in that time someone should be in charge and do the work. That thing may continue on, because if we lose it in one court - this case will never stop. If we lose it, it will go to the Supreme Court; if we lose in Supreme Court, we would demand a jury trial and I know we would win it in a jury trial.

H.M.JR: Whom do I have over there?

MR. OLRICH: You have a complete organization with the exception of me at the top. If I was taken away at the top, you would have a second man in Mr. Duncan. He hasn't

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had the experience I have, so he isn't Olrich - he is the Chief Deputy in charge of merchandising. He is the head of the Duncan Hardware Company of Minneapolis, Minnesota. He has done an excellent job and has been in the Government as a dollar-a-year man for WPB and Redistribution Organization.

We will have in one month an excellent Regional Manager in every office. We will have a system of accounts and records. We have now a complete staff on the commodity level, and the Washington Office is a credit to any organization. We have good Regional Directors in Washington - that is, Seattle, Washington - San Francisco, California; we will have a good man transferred from San Francisco to Denver; a fairly good man in Morton, at Fort Worth - not quite strong enough, but could be developed; we need a new one in Kansas City; we have an excellent one in Atlanta; we will have Schlesinger of the Lansburgh Company in Washington; we have a good man in Chicago and a good man in Cincinnati.

(The Secretary holds a telephone conversation with Mr. Will Clayton, as follows:)

August 23, 1944
11:06 a.m.

HMJr: How are you?

Will Clayton: Pretty good. How are you this morning?

HMJr: I'm sorry to bother you, but

C: That's okay.

HMJr: I got to my own problems in connection with Olrich.

C: Yeah.

HMJr: And I wondered just where we stood.

C: Well, you know, Henry, I just can't understand what happened over at the O.P.A.

HMJr: Yeah.

C: because Brownley was going to act right away and -- when Bowles came back -- and arrange for this small group to study the matter and to make a recommendation. I didn't hear from him and I called him up and he said, "Well, there was some little delay on it," and that it was going to be attended to and not to worry. In about two or three days I called him again and he gave some sort of answer like that the second time.

HMJr: Yes.

C: So that I don't know. I have -- I was -- I just had an idea that maybe they were working the thing out some way to -- to wipe it off the slate and that that's the reason I hadn't heard from it.

HMJr: Well, now, look -- the way the thing stands now, Olrich is getting ready to resign somewhere between the first and the tenth of September.

C: Well

HMJr: And today is the twenty-third.

C: Yeah. Well, now, I'll get -- I'm now at the Senate Office Building, just fixing to go before this Truman Committee.

HMJr: Yeah.

C: Meade Committee. And just as soon as I can get a little time today to telephone, I'll call up Brownley and see what in the devil is wrong.

HMJr: Why don't you call up Bowles?

C: Bowles? Well, Brownley is my friend.

HMJr: I see.

C: And he -- he's the fellow that's going to do it, and I'll call him because he's the man that promised me that he would look after it.

HMJr: Well, they'd better fish or cut bait.

C: Yeah. I'll tend to it right away, Henry, just as soon as I can get a moment to spare.

HMJr: Right.

C: Thanks.

HMJr: You'll -- then I'll hear from you today?

C: I'll let -- yeah, I'll let you know something today.

HMJr: Thank you.

C: Okay. Good bye.

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MR. OLRICH: You see, they foresee the issue by having it go up for trial.

H.M.JR: Well, we will just wait, now, and see.

MR. OLRICH: That is right. That hasn't deterred me from getting your organization in shape.

H.M.JR: Olrich, I am confident of that, but it is very upsetting to me, not only in cognizance of my own shop, but what upsets me as much as anything - here I am, Secretary of the Treasury; I do this thing fully a month ago; Clayton takes this thing up, and if this is the way we conduct ourselves, what chance has an honest businessman got? It is very, very discouraging. I am not licked yet.

MR. OLRICH: I don't think so.

H.M.JR: I don't give up that easily. After all, I will go to the President on this thing.

Now, what I would like you to do during the day is to prepare, if possible, with Mr. Olrich's assistance, a one-page summary of what the complaint is of OPA against Mr. Olrich, and a one-page summary of what his answer is. Do you think you can do that?

MR. LYNCH: Yes, sir.

MR. OLRICH: I will turn over our attorneys' answer.

H.M.JR: I would like to have it, if possible, this afternoon. If not, the first thing tomorrow morning - what the complaint of OPA is, and what Mr. Olrich's answer is.

MR. LYNCH: I will do that.

H.M.JR: Did the young fellow go over to assist Clayton?

MR. OLRICH: Yes, sir, he has gone. The shop is running very smoothly without him.

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H.M.JR: He manages to get along?

MR. OLRICH: Yes, sir - very well. I would rather it would not go further than this room - a little more harmoniously. He will be Special Assistant to Mr. Clayton, but his duties have not yet been prescribed.

H.M.JR: When was he transferred?

MR. OLRICH: He was transferred several weeks ago; transferred immediately as soon as Mr. Clayton saw you. He has no relationship with Treasury. The only thing he is doing is completing the work with Treasury which was under him and which it would be impossible to transfer. He understands it thoroughly. I simply told him it was a clash of personalities and just wasn't working out.

H.M.JR: I never heard a peep out of him.

MR. OLRICH: We handle things quickly, sir.

H.M.JR: I think that is the main thing.

August 23, 1944

(Dictated in presence of Mr. Bell - Read by Mr. White)

At lunch with Stimson and McCloy, McCloy first told me that they were worried because they had been unable to get the President to sign the most recent French agreement, and he asked me whether I would help. McCloy also said that the papers were lost, and that General Eisenhower just called up and said it was most embarrassing to him, and that the English had served notice that they were going to sign on Friday at 12:30 p.m., come Hell or High Water! He said the Frenchman, Massigli, was waiting in France with a high hat and a Prince Albert coat ready to go to work, and if the President didn't do something all his good work with DeGaulle would be spoiled.

I called up Miss Tully then and there, and she said she would do what she could but that the papers were lost. That was at about 1:30 p.m. At 2:45 she called me to say the President had signed the papers this morning and had given them to Admiral Leahy, who was going to send them to the Combined Chiefs of Staff. She just couldn't understand why Stimson and McCloy didn't know about it. They were elated at the news as they seemed to attach great importance to it. Before I learned this from Miss Tully, I had asked for an appointment with the President for Bell, Jimmy Dunn, McCloy and myself to get the thing going.

Grace Tully also said that the President wanted me to know that he had so many requests for observers at Dumbarton Oaks that he wasn't approving any of these, and that is my answer to the letter which I sent to Hull, and Hull must have sent it to the President.

It seems that Hopkins had told McCloy about my conversation on Tehran and all the rest of the stuff, and that is why Stimson was so anxious to see me. I told him the whole story even including the part that Hull had never seen the minutes, which Hopkins hadn't told him. I said I was telling them that in defense of Hull, explaining why Hull had not done anything.

McCloy's interest, of course, is the immediate one--what is the Army going to do as soon as they go in there? Stimson's interest is the long-range one. I questioned Stimson, and

he has by no means thought this thing through. He is thinking along the lines that you have to have a long Armistice or a period of at least 20 years to police Germany while the present generation is in control and until a new generation grows up. He also was very much interested evidently in a proposal made by Jean Monnet to internationalize the Saar Basin and have joint control by some international body and permit the Germans to work there but not run it. They thought if we could control the Saar we could keep the Germans from going to war again. So I said, "Well, if you let the young children of today be brought up by SS Troopers who are indoctrinated with Hitlerism, aren't you simply going to raise another generation of Germans who will want to wage war?" He said that was true. Then I said, "Don't you think the thing to do is to take a leaf from Hitler's book and completely remove these children from their parents and make them wards of the state, and have ex-U.S. Army officers, English Army officers, and Russian Army officers run these schools, and have these children learn the true spirit of democracy?" He said he hadn't thought of it but he agreed that maybe something along those lines would have to be done.

I also gave him my idea of the possibility of removing all industry from Germany and simply reducing them to an agricultural population of small land owners. He said that the trouble with that was that Germany was that kind of a nation back in 1860, but then she only had 40,000,000 people. He said that you might have to take a lot of people out of Germany. So I said, "Well, that is not nearly as bad as sending them to gas chambers."

I got the impression that Stimson felt this was a very important subject to be dealt with so that we will have peace in the world, but he hasn't given too much thought to it; in fact, he said to McCloy that he would spend the next two days writing a memorandum on it. I asked him to let me have a copy and he said he would.

I then said that I thought a committee of Hull, himself and myself ought to draw up a memorandum for the President so that he will have it before he meets Churchill again. I said that from what I heard I didn't think that Churchill was going to take an interest in post-war planning, and I repeated what Churchill had told me. Stimson said that the

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President had told him part of that this morning but he didn't say where he had gotten it from and he only told him half of the story. I said, "I don't think Churchill is going to worry about it and the President hasn't time to think about it." Stimson thought it was a good idea, and I asked him whether when he saw the President again he wouldn't suggest that to him, and he thought he would rather do it in a memorandum.

I find that Mr. Stimson tires very easily. He told me that he has to get away again for a rest, and he also told me very confidentially that he had a small operation on his back and that is giving him a great deal of trouble. He was very bright when we first sat down to lunch but he ran down very fast.

August 23, 1944
3:25 p.m.

SIXTH WAR LOAN DRIVE

Present: Mr. D. W. Bell
 Mr. Gamble
 Mr. Haas
 Mrs. Klotz

H.M.JR: I am more interested in planning than money, right now.

MR. GAMBLE: We have gone right ahead, Mr. Secretary, with all of the planning that we normally do in this period, with full knowledge that we were going to have to hold everything up until important problems were resolved for us.

We have completed our field surveys, of which I brought you a copy today, which I thought in your leisure you might want to read.

H.M.JR: I have no leisure.

MR. GAMBLE: It tells us we have some problems that we haven't had in previous Drives facing us in the Sixth War Loan Drive, that heretofore our job has been to improve what we did before, try to get a better overall job done, following pretty much the same approach with respect to them--appeals as to why people ought to buy war bonds.

Our survey shows now, as we approach the end of the war, people are less likely to accept the reasons of tanks and guns and ships and planes for buying bonds. We find that the more reasons people have for buying bonds, the better bond-buyers they are; that the number of people who bought bonds this time--we had increasing reasons other than patriotism--self-interest reasons--to hold down prices. Despite the fact that we had a better canvassing job--we asked more people to buy bonds in the Fifth War Loan than ever before--we sold less dollar amounts--fifty-two percent of the income-earners in America bought war bonds as against

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forty-seven percent in the previous War Loan Drive; but they bought smaller amounts.

We fell off in the thousand-dollar bracket, the five hundred dollar bracket, and the one hundred dollar bracket, and we had to make it up in twenty-five and fifty dollar pieces.

It brings us to the realization that we can't hope for much more from having a better organization. In other words, we have reached about the peak of our organization, perfectionally, for doing this kind of a job; and if we look for more sales or equal sales as a result of calling on the same number of people, we are going to be disappointed. We are going to have to advance additional reasons for buying war bonds.

In other words, we are going to have to extend our promotion beyond the period of the Sixth War Loan Drive and to sell the people the idea that this is a job for them to stay in until the war is over and beyond. We have got to give them a pretty clear picture of why this money is needed this time, because they are going to have less reason to think they should be called upon in November to support the war than they had in June.

Now, those are the problems that we have recognized now. We have had our survey revealed to all of the master-minds that work with us. We have had a series of meetings in New York. We have another one tomorrow. We have had all the copy people and the top-copy people in the country studying this problem with us to the end that we could come up in a campaign which would start even prior to the Sixth War Loan Drive, all designed to not say, "Let's finish the job," not say, "Let's move in and get this over with," but imply very strongly there was still an important job to be done at home.

We don't dare use our last bullet yet, because we have got the Seventh and Eighth. I am now talking about ourselves. We can't say, "Let's finish the job," because the implication would be this was the last War Loan Drive; but we certainly have to make people believe that while we may have had victories in Europe and maybe in the Southwest Pacific, that we follow in the wake of those and pick up the i.o.u's. Until

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that has been done, we can't have a victory and we can't have a peaceful and prosperous America.

But we have done more thinking and made more of an analysis of our problem, recognizing that this is something to be dealt with in this Drive or at the end of this Drive more than in previous Drives, and I think when you take the time to read the finding of that--if you'd like for me to--

H.M.JR: No, I'd rather, when I have more time, do it with you orally. I am no good at reading, these days.

MR. GAMBLE: I was going to mention to you, we have already set out a basic yardstick for copy and theme and approach to this job.

H.M.JR: You are going to have to talk an awful lot to me, because through this trip and what I know about conversion and everything else, I want to have plenty of time to talk to you yet, because it is going to be very, very difficult - the timing and the whole approach, you see.

I mean I even raised the question of whether we want a Sixth War Loan in--

MR. GAMBLE: In November or December.

H.M.JR: Yes.

MR. GAMBLE: I raised that question, too, Mr. Secretary. I think if we weren't in an election year that I might be in here making a recommendation to you that we do some bank financing and start a drive in January; but I don't think, having followed the pattern that we have followed, that we can entertain that seriously.

I think we have got to finish the job, not taking the election into consideration at all, that we have started under supervision, and I think if we didn't we would be severely and roundly criticized if we didn't move into that period.

H.M.JR: Your thoughts are very noble, but you and I never kid each other, and get away with it, anyway.

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MR. GAMBLE: That is right.

H.M.JR: Now, everything you say is true, but the military situation might completely upset that.

MR. GAMBLE: I should say that everything that I have said to you is on the complete assumption that Germany will be out of the war before we get into the Sixth War Loan.

H.M.JR: I agree, but I am the only person in town-- I say this in the presence of George, because George hasn't given me anything on this thing--who has said now for over a year that on the cessation of the thing with Germany we will have a hell of an upset in this country.

I keep coming back to George and this fellow, May, over there, and they give me a lot of figures. And George won't put himself down in writing. He will tell me something verbally. When I ask him to put it in writing, he won't do it.

MR. HAAS: I have had ten years of experience!

No, I didn't realize it was that--

H.M.JR: But you look back. I have asked you, and you gave me a memorandum, and like the professor up here at Princeton--"I understand each individual word, but when you are through do you mean yes or no?"

MR. HAAS: Is that the one I sent up to the farm?

H.M.JR: Yes. I sent you a message. It read just like a combination of Moody's and all the others on stocks.

MR. HAAS: I didn't get your message.

H.M.JR: I'm like the professor on relativity, Einstein. The first year he was over at the White House. The President told a story. Einstein turned to Mrs. Morgenthau and said, "I understand each individual word the President says, but when he is through does he mean yes or does he mean no?" Have you never heard that story?

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MRS. KLOTZ: No, that is the one you kept from me!

H.M.JR: When I tell it on the President, people always give it another meaning.

MR. GAMBLE: Let's assume you are right, Mr. Secretary, and even problems that we haven't been able to project or fathom are going to confront us. You come back to this problem, that we have the job in the period of the next twelve months of rounding out a task of helping to finance the war. And we alone may be able to stabilize this thinking on this home front, and we recognize that and we alone may lay enough ground work to be able to complete this job in six or eight months. The failure to move in aggressively--

H.M.JR: I am not as political-minded as you are, but taking a leaf out of your book, I think that all the preparations should be made as though we were going to go ahead so our Republican friends out in the field will know that.

But talking very confidentially among ourselves, we ought to think of alternatives; that if I am right--well, just at that time if we should have a terrific collapse in this country, see, whether we might not want to--

Now, don't tell this to your New York advisers, George!

MR. HAAS: Oh, no, I use discretion.

H.M.JR: Good. But I mean I wouldn't even repeat this outside of this room. But I'd go ahead and make all the preparations. I asked Bell yesterday to give me something to study.

MR. HAAS: I have got that. I am getting some charts made.

H.M.JR: If I am right, and I hope I am wrong--but we should just get into this thing. I am not thinking in terms of who is elected; I am thinking in terms of what will happen.

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After all, you had a very good example of what happened in that airplane company in New York, Brewster. They are no further along in preparation now than they were for Brewster. And it is all tommycock that they can continue plane production for Japan as it is now. There is no place to land them, by God! They have got Guam, Saipan, some fields in China-- they could make some more B-29's and B-32's. They have got fighter planes coming out of their ears. They told me that two months ago. I mean Grumman alone can take care of the Navy. They don't have to go any place else.

But supposing there were a couple of million men laid off? Supposing this happens in October?

MR. HAAS: If it happened tomorrow it would be a terrible mess, because they are not ready at all.

H.M.JR: Supposing this happened in October?

MR. GAMBLE: If it happens in October, then the plans are not immediately available.

H.M.JR: Do you know of any plan?

MR. HAAS: No, it is all confusing. It is in the stage of confusion now. They have to have several months and they will be all right.

H.M.JR: But they won't have several months.

MR. GAMBLE: That is right.

H.M.JR: I am just thinking out loud, and I am trying to be realistic. I don't want this repeated outside of this room. I am just trying to think.

MR. BELL: I think one of the things you might do, even if you had your plans so far ahead that you couldn't stop the War Loan, would be to lower the amount. I think that you really ought to go ahead with the War Loan that you announced. We plan here in all of our figures having a fourteen billion dollar war loan, but you could easily drop that to ten or eight and I think you would make a success of it.

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Then have another one or a bank financing along in February. I don't think I'd disband the War Loan, because of a crack-up in Europe.

H.M.JR: I didn't say that; I didn't say a crack-up in Europe.

MR. BELL: You are envisaging some trouble at home on the unemployment front.

H.M.JR: Look, Dan, you know how the thing is. You suddenly throw into this country two or three million men-- that is all--unemployed.

MR. GAMBLE: You scare the other twenty million to death.

H.M.JR: You just throw two or three million. Now that is not a wild statement.

MR. HAAS: No, no, even if the thing is going smoothly, there is no question in my mind you would have that much unemployed.

H.M.JR: The thing they are pressing most for abroad is trucks, heavy tires, fighter planes, heavy ammunition, gasoline, all the rest of that stuff. They can't begin to use it in the Far East. God, the Navy, I'll bet, have enough supplies for five years.

MR. BELL: The Navy, yes; they are not short.

H.M.JR: When these ships go in to fight every ship is equipped for so many rounds--and don't they have a reserve on shore for at least one or two more battles for each ship? When they launch a ship, I forget the formula, they fill her up and then they have one or two rounds on shore.

MR. BELL: I don't know what it is, but they have a reserve back.

H.M.JR: Enough to take over the life of the ship. I know how the Navy works.

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MR. HAAS: Two or three million unemployed is a very conservative statement.

MR. BELL: I think that is right.

H.M.JR: If two or three million unemployed were thrown on this market, it would affect everybody else. Then if you went to the man on the bench and said, "Subscribe," he would say, "I have to help my cousin and my aunt and my mother, who has been laid off, and my sister." That is what they are going to do - lay the women off first. They are going to disrupt the home.

I don't want to get you people alarmed, but you have two or three women at home; the man comes home. They say, "We want you to subscribe to war loans."

"Nothing doing." The wife says, "Nothing doing. I want an ice box," and so forth. Am I right?

MRS. KLOTZ: That is right.

MR. HAAS: Mr. Secretary, really have the set-up so you can do a free-riding job, soliciting, and so forth.

H.M.JR: Think about this a little bit and come back at me.

MR. GAMBLE: These are answers from our leading State Chairmen in the last few days. (Refers to file) A committee of them came in this morning and yesterday. We have been doing this, Mr. Secretary, for six weeks, what you are talking about. Obviously, we couldn't ask our people--

H.M.JR: But nobody will be as honest with you as I am, because everybody has an axe to grind. Everybody is kidding. How long have I said this about this would happen-- a year?

MR. HAAS: At least a year.

H.M.JR: And nobody agrees with me. I tell you, Dan, you have to watch your Government bond market and everything else.

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MR. HAAS: I think you have more people agreeing with you now than when you were the early one.

H.M.JR: Nobody wants to see it happen.

The best story I had abroad in England - I always got a laugh out of it - the Saturday I left, in the financial column of the New York Evening Sun, "Wall Street is not yet ready for early victory."

MR. BELL: I think you ought to read Marriner Eccles speech.

H.M.JR: I read the summary of it.

MR. BELL: It is pretty pessimistic.

MR. HAAS: Longer-term--

MR. GAMBLE: Do you like Edie? Here is his latest report. You ought to have that framed, Mr. Secretary, because it compliments the whole financing job of the war. It is an excellent story. (Report of August 10, 1944)

H.M.JR: Is there anything I can get out from your State Chairmen?

MR. GAMBLE: We had only one State Chairman, Eugene Wilson, of Connecticut, Vice Chairman of the Board of United Aircraft, who felt we should not have a War Bond Drive.

H.M.JR: What was his reason?

MR. GAMBLE: His reasons were not the unemployment, but the physical effort that these people have been put to and asking them to do it three times in a year.

We had a perfectly amazing thing happen, in my opinion, Mr. Secretary: We only had three casualties in the whole United States. I think that is wonderful spirit --men who realized that they were doing a duration job.

H.M.JR: Look, old man, I am simply saying to you, "Go ahead." Do you see? Make all your plans; but, on the

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other hand, I am saying to the three of you, please have a look at it from my standpoint, and that if I should be so unfortunate as to be right, what do we do as an alternative?

And along with that should be a campaign for people to hold the bonds.

MR. GAMBLE: That is a complete part of this whole new job of ours. I'll be able to show you a finished copy in a matter of a week.

Could I take one minute and just cover a couple of points with you to see if we are off in our thinking?

The quotas I don't quite agree with; I think about thirteen billion dollars, five from individuals as against six.

MR. BELL: That is all right with me. I have sixteen billion dollars in the cash statement.

MR. GAMBLE: I want to see if we are widely apart. Securities ought to be substantially the same as they were in this Drive. The only question would be the note.

MR. BELL: If this thing happens--but let's don't start off on that!

H.M.JR: I am really not interested in this, old man.

MR. GAMBLE: The next thing you may be interested in-- as to a date. We have got magazine deadlines, advertising deadlines that if we pass we are out of luck. We can generalize in such a way that we could always protect ourselves if we have made a decision.

My thinking on the date is somewhere between November 16 and 24, and I prefer November 20. It is a Monday. The end of the Drive to be on December 16. I just wanted to see if we were enough together that we could be thinking in terms of decisions. We are going to have to think off the cuff as we go along.

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MR. BELL: What is the latest we could announce that?

MR. GAMBLE: October 1.

H.M.JR: All of your copy-writers are going to sweat blood and tears.

MR. GAMBLE: It isn't the copy-writers I'm worried about.

H.M.JR: We'll do without the billboards.

You are going to have trouble with me this time, big boy!

MRS. KLOTZ: They have never had trouble before!

H.M.JR: I am always putty in his hands. But I am going to be a tough guy.

MR. GAMBLE: We haven't since we stepped up this operation expanded this much.

H.M.JR: I am going to start being tough right now. I am not going to give you an answer until after Labor Day. I have to harden you up.

MR. GAMBLE: I said the first of October.

MR. BELL: You meant for the dates.

H.M.JR: Dates.

MR. GAMBLE: That is all right. I just wanted to get a general idea.

H.M.JR: I thought you wanted an answer today.

MR. GAMBLE: No, no, no. This is all I wanted an answer to, Mr. Secretary: It is a reasonable assumption we are going to have a Bond Drive before the end of the calendar year; if we are going to have that Drive, it should be started not too late in November, because we can't run too far into December.

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H.M.JR: Yes, sir.

MR. GAMBLE: Let me throw out one more thought. The accounting period November 15 to January 15--

MR. BELL: No, no, January 1.

MR. GAMBLE: January 15. Dan, I am not afraid of January 1, but I think that the protection element--

H.M.JR: All I can say, if I get really tough, only one person can change me. She is about so high. (Indicating)

MR. GAMBLE: I'll use her.

H.M.JR: So if you get in a tough spot, bring her around.

I am with Dan.

MR. GAMBLE: On January 1? Why?

H.M.JR: Look what happened last time.

MR. GAMBLE: What happened, Mr. Secretary? We have to guard against that by better handling of our publicity; but I am thinking in terms of two and a half billion dollars worth of E bonds as a quota.

MR. BELL: You sold three.

MR. GAMBLE: You are not going to sell three billion.

H.M.JR: You have to leave something for me to worry about over Labor Day.

MR. BELL: You will be worrying about this over Christmas!

August 23, 1944
3:45 p.m.

POST WAR TAXES

Present: Mr. D.W. Bell
Mr. Sullivan
Mr. Nunan
Mr. Cann
Mr. Wales
Mr. Atkeson
Mr. Blough
Mr. Graves

H.M.JR: How are we coming on taxes?

MR. BLOUGH: Well, how much do you want? Do you want a minute, or ten minutes, or half an hour?

H.M.JR: I will take ten minutes' worth.

MR. BLOUGH: Well, this thing goes back, so far as Mr. Stam is concerned, to about the 20th of June. The Joint Committee on Internal Revenue Taxation passed a resolution directing Stam and requesting the Treasury to work in a joint or combined study group including the staff of the Bureau of Internal Revenue. We immediately started meeting with Stam and had a couple of meetings in Dan Bell's office, and then asked the Bureau of the Budget to look into the question of probable post-war expenditures and other figures that they might be able to get together.

We then sent out invitations to a number of groups which had already been studying the tax problem, such as the Committee for Economic Development, the National Planning Association, which is Ruml's. The Ruml Plan is associated with that.

H.M.JR: Whatever happened to the case - R.H. Macy paid for all expenses?

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MR. SULLIVAN: Ten thousand, four hundred and thirty dollars disallowed.

MR. BLOUGH: Is that all it cost?

MR. SULLIVAN: That is all that they had attempted to deduct as expenses.

H.M.JR: I didn't read about it in Drew Pearson's column.

MR. SULLIVAN: One item of four thousand dollars and another of six thousand, four hundred and thirty, no cents.

H.M.JR: Walter Winchell didn't have it on his radio Sunday night.

MR. SULLIVAN: I don't know either of them.

MR. BLOUGH: What is the matter with our leak?

H.M.JR: It only leaks when you don't want it to.

All right.

MR. BLOUGH: We have held such meetings with groups of that type starting with the Twin Cities group, St. Paul and Minneapolis people that Knutson asked to work on the subject. At those meetings Stam has usually had a half dozen people or so, and we have had somewhat more than that. Mr. Bell has been able to get some; Mr. Sullivan has some; Mr. Gaston has some; and we have had representation from the Bureau at all meetings. We have not gone to the stage of actually laying out any program. That is why I said yesterday that I was not sure whether we were getting along very fast or not.

H.M.JR: Is this for this calendar year, or something to start after the first of January?

MR. BELL: Post-war taxes.

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MR. BLOUGH: I would subdivide it into two parts. Stam is trying to get some agreement on what he would call a stop-gap program which might be taken up if Germany were defeated this fall and if the Committee should insist on some tax legislation. We haven't exploited that to the point where I thought it would be worthwhile exploring it with you, Dan, but I will in a few days.

Stam thinks the Committee may insist on some gesture towards business under those circumstances, but by and large this is not for any legislation to be passed in the calendar year '44.

As a matter of fact, both - well, I know Stam is, and I understand that Chairman Doughton is trying to postpone any meetings of his Joint Committee in any action until after election in the hope that the campaign this fall can be kept free of the tax question. Personally, I would like to see that happen if possible. I don't know - Dewey may have smoked the Administration out and forced some statement. I understand Leonard Crumm is writing some material for him, but what he will do, I don't know.

H.M.JR: Who is Leonard Crumm?

MR. BLOUGH: Professor Crumm of Harvard.

H.M.JR: The dirty so-and-so. I have had him down here right along.

MR. BLOUGH: He hasn't been down for four years. Four years ago, under these same circumstances, he resigned from his consultantship here, and he hasn't been down.

H.M.JR: You mean on account of the campaign?

MR. BLOUGH: On account of the campaign in '40. He worked hard for Willkie in '40.

H.M.JR: The double dirty so-and-so!

MR. SULLIVAN: Ernest Bell has plenty to write on taxes, anyway.

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MR. NUNAN: Let's hope he produces the same results he did for Mr. Willkie.

MR. BELL: But Leonard wants to come down with a group in August. He wrote that he was tied up in this work.

MR. BLOUGH: He wrote and said he felt it wasn't quite fair for him to come down and look into our minds, that he might want to go home and write things against us. I said, "By all means, come down, because if you look in our minds you will see there is nothing to write against us," or words to that effect. I don't know whether he is coming or not. I don't think he is.

H.M.JR: Does Shoup feel that way, too?

MR. BLOUGH: No, indeed. The reason Shoup hasn't been down here is that he has a very fine fellowship with the Rockefeller people and he has asked not to be bothered for awhile so he could work for them. I think we might begin to hound him again this fall. He has been out now about nine months - eight months - and I thought as soon as he got back from - as a matter of fact, if I went anywhere over this week you are talking about, it would be up to see him.

H.M.JR: Busman's holiday!

MR. SULLIVAN: Up in New Hampshire, as Tobey would say.

MR. BLOUGH: The trouble is, it would look bad to go up to the Lake. Otherwise, we will get him in here as soon as he gets back, which will be early in September, and try to get something from him - some work, if we can - if not, at least his advice. There is no problem there at all.

On the long-run post-war program, of course, the Budget people have now given us some idea of figures for '46 and '47. They are on a purely technical and confidential basis, but they show very much higher expenditures than a lot of people on the Hill had been thinking about, and for that

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reason the possibility of reduction is not nearly as great as many people thought earlier. The figures ought not to be mentioned, because they probably will be changed. But they thought if the Japanese war is stopped a year from this winter, and the German war stopped this fall sometime, that expenditures for fiscal '46 would be about sixty-seven billion dollars and fiscal '47 about thirty-six billion.

H.M.JR: Who thinks that?

MR. BLOUGH: Some of the technicians over in the Budget Bureau. This is nothing official, but some of the boys have been working over the figures.

H.M.JR: Would you give me a little memo on it tomorrow morning?

MR. BLOUGH: Yes.

H.M.JR: Get it to Dan and Dan will bring it to me.

MR. BLOUGH: Yes.

MR. BELL: Smith was scared to death of the document that Cohen drew up, and didn't want to submit the figures formally, so we went up and talked to Doughton about it. He agreed that no one could work out a post-war budget at this time and we would just work the figures out on a technical level, and Cohen would furnish the material to Roy and Stam and they would, in a sense, work up their own budget.

MR. BLOUGH: I have them with me, as a matter of fact, but I can summarize them for you in a memo tomorrow, if you like.

H.M.JR: Yes.

MR. BLOUGH: The big problem which will loom, of course, is the question of what the economy is going to look like after the war. Are we going to have an inflationary situation, or are we going to have a deflation?

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The best advice we have gotten so far is that we are not likely to have inflation for very long; if we do have strong pressures during the rest of the war and for a short time thereafter, that our real post-war problem is going to be unemployment and deflation, and not inflation.

H.M.JR: How quick to they think that will come?

MR. BLOUGH: Of course, ideas differ. We think we are all right through '45 and '46.

H.M.JR: Calendar?

MR. BLOUGH: Calendar. But '47 may be the beginning of the downward movement - perhaps even late in '46.

MR. BELL: That is assuming that the war with Japan will end December 31, 1945.

MR. BLOUGH: Yes, that is the conventional assumption; that the purchasing power - wartime purchasing power - will hold on for a year or so, but then we are likely to have quite a slump.

Now, they aren't all in agreement, however, as to that. The biggest issue in the tax field that has raised its head so far is what to do with corporation taxes. And you have such varied views as the CED that wants to eliminate corporation taxes entirely - the Committee for Economic Development - Paul Hoffman and Harold Graves in this particular instance - eliminate corporation taxes entirely except for sixteen percent tax to be collected at the source with respect to dividends. That is at one extreme. At the other extreme, the Twin Cities group would retain the forty percent income tax and then would give a dividend credit or dividend deduction to stockholders - allow them to deduct forty percent of their dividends. It doesn't make too much sense, but that is their proposal. There are proposals all the way in between.

A few people would like to see an excess profits tax after the war, but very few. The Labor group would, but all the business groups and study groups have opposed it.

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Everybody wants to get rid of the capital stock tax and the declared excess value profits tax. Even Mr. Stam is willing to go along with that provided you put in some kind of a tax of, say, twenty-five dollars apiece on all corporations so that he can say that he is imposing taxes on corporations that lose money. It is a face-saving problem there with him.

The question of timing, of course, runs all the way through this; how quickly should the excess profits tax be reduced, and how quickly should they be repealed? I don't know that that need concern us at the moment.

It looks now as though we would go on for a few weeks more in conferences with outside people, and then start writing a report in which we would try to get down on paper what we agreed on, and then what we disagreed on - just at the staff level - although, needless to say, we wouldn't agree on anything even at the staff level that we hadn't cleared up here.

I am very anxious that whatever goes to the Committee go in written form, and that any differences of opinion be expressed in writing with reasons, instead of coming out in an open scrap before the Committee - which I think would be undesirable.

H.M.JR: I have one suggestion to make, Mr. Sullivan. I think that you and the Commissioner, who are both Presidential appointees, ought to be ready so that if Mr. Dewey tomorrow would come out with a tax program, I could call you on the phone and say, "Now look, boys, I want a statement from one of you for me to give, showing that we have been working and we have been doing this thing." In other words, put yourself in Dewey's place. What can he say? He can say any one of two or three things. Then we would be prepared to have answers.

MR. SULLIVAN: Right.

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H.M.JR: I don't want to pick up the New York Times tomorrow and find that he has done this thing, and found us totally unprepared. I think you fellows ought to put your heads together.

MR. SULLIVAN: Have him withdraw, you mean?

H.M.JR: That is right. There are only so many things that Crumm might recommend. For instance--

MR. BLOUGH: Crumm is a high-tax man.

H.M.JR: But I think you people ought to be ready so if Dewey attacks it, I can answer it, or one of you fellows can. We should be ready. Right?

MR. NUNAM: Yes, sir.

H.M.JR: But have it in the drawer, so to speak. That is one of the reasons I wanted to have this meeting. If he does something tomorrow, it might take you fellows a week to get something ready. The time to answer is the same day.

MR. D.W. BELL: I think Crumm is a little more realistic on his budget than the Budget Bureau.

MR. SULLIVAN: I will take care of that, yes, sir.

H.M.JR: I will look to you and the Commissioner to have something. Then when you have something, I would like very much to sit down and go over it with you. But if I pick up a paper, I would like to be able to call you fellows together and be able to answer this fellow. We can say, "Here we have the answers, all ready."

MR. BLOUGH: There is one more thing going on that I want to report, if I may. In addition to all these meetings - I have been meeting with Ben Cohen and Prichard, and Gerhardt Colm, and Musgrave, for Chairman Eccles, to try to get their views. We have had a number of sessions to try to see what they had in mind. That is more to

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protect our flank than for any other purpose. Those discussions are duplicated almost entirely in these other meetings, but we have been trying to avoid any break in the Administration ranks in that matter.

MR. D.W. BELL: Getting the Executive Branch together.

MR. SULLIVAN: I think you ought to tell the Secretary about the change in position of the American Bankers Association on removing the exemption on future issues of State and municipals.

MR. BLOUGH: Yes. The representatives down here - to what extent they can bind their group, I don't know - but the representatives of the American Bankers Association who were here unanimously favored the elimination of the tax exemption of future issues of State and municipal securities, although some felt it ought to be done by constitutional amendment. They didn't all think so.

H.M.JR: What did they think?

MR. BLOUGH: They all were willing to go for taxation of future issues of State and municipal securities.

MR. D.W. BELL: Quite a step for them.

MR. SULLIVAN: A little story behind it. The municipalities are buying up private industry.

MR. NUNAN: The gentlemen have been sitting down with the forms, and we have a pretty simple form. I think I could even make it out. I think they have done a fine job.

We had a letter from Young and Rubicam the other day in which they told us they didn't think the form could be any simpler, or could be improved upon.

H.M.JR: You fellows, on your own, approved it?

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MR. NUNAN: After Young and Rubicam approved it, these fellows did some fine work on it.

H.M.JR: Was Young and Rubicam helpful?

MR. CANN: I would say so, Mr. Secretary - their attitude as well as their constructive ideas.

MR. D.W. BELL: There is another group that is also meeting. Mr. Wales is carrying on on the technical legislative side.

MR. WALES: As a matter of fact, the first meeting will be next month, September 16.

MR. BLOUGH: Thank you, Mr. Secretary.

August 23, 1944
4:10 p.m.

ARMY DIRECTIVE

Present: Mr. D. W. Bell
Mr. Gaston
Mr. O'Connell
Mr. Pehle
Mr. Luxford
Mrs. Klotz

H.M.JR: Where is White?

MR. PEHLE: At UNRRA.

H.M.JR: What is going on over there?

MR. PEHLE: Not much, I am sure.

MR. BELL: He was designated, you know, to go--

MR. PEHLE: He was going to pass on the Exchange Bank.

H.M.JR: White is going?

MR. BELL: Not to Montreal, but he was to sit on a subcommittee here on exchange.

H.M.JR: One of you men can tell White what happened here.

This is all highly confidential. I had this luncheon with McCloy and Stimson. They were very much interested in what I had learned abroad. They had already heard it from Hopkins. Of course, McCloy is looking at the thing from the standpoint of what should the Army do when they get in there in the first instance--can they get a directive which they haven't got? The directive should be written in Washington.

- 2 -

But Mr. Stimson, looking at it from the over-all picture, is going to try to write a memorandum in the next two days for the President, of which he is going to let me have a copy. He is thinking along the right lines, but hasn't thought very much about it--I mean, hasn't thought about the details so much. His approach is that this is a twenty-year job because we have to stay with it for twenty years while the present fanatical Nazis are still in their prime. I won't go into all the arguments, but anyway, that is about as far as he has thought.

I made the suggestion to him that I thought it would be helpful if possibly Mr. Hull, he, and I called on the President and asked him whether he didn't want State, Treasury, and War to be working on this thing. He thought that was all right, but he didn't want to take the initiative. I am going to; I don't know what will happen.

He mentioned the thing that is sort of down your alley, that Jean Monnet had evidently been up to see him some time ago with a suggestion for an international body to run the Ruhr. I don't know too much about it myself, but he thought that if an international body would control and own the Ruhr that would keep the Germans from making war.

MR. GASTON: See Harpers Magazine for August.

H.M.JR: On that?

MR. GASTON: Yes.

H.M.JR: I think we ought to have a little committee here, composed of you people, plus Harry White. You ought to get together and study this thing, and I would like to bring some outside people in--well, for instance, somebody who is up to date on the Ruhr, what the industries are and that sort of thing. Do you see?

I kind of thought that John Pehle--he just has a normal amount of work to do; he isn't overworked. You (Luxford) are selling Bretton Woods, and so forth, and so on. But if John would sort of take this and ride herd on

- 3 -

this for me and make use of people here--there must be an awful lot of people interested.

I don't know where this book comes from, How to End the German Menace, a Political Proposal by Five Hollanders. I will give you that. (Hands books to Mr. Pehle.)

MR. GASTON: That was fairly widely circulated.

H.M.JR: The great trouble is that the American people are not prepared for anything. It is really tough as far as dealing with the Germans is concerned. We just haven't done anything about it. We have a little here and a little there, but anyway, John, would you kind of take this and sort of organize it and make some suggestions for any outside people, historians and people who are interested, because in this place--in the refugee field--there ought to be a gold mine. My heavens! there are all kinds of people.

I know I once met the financial editor of the Frankfort Financial Journal, which I understand is like the London Economist. It is the outstanding financial paper in Germany; it has been there for a number of years. There are all kinds of these refugees that you will have contact with who certainly would like to do a job on Germany, I mean, people we couldn't use before, but we could use on this sort of thing.

MR. LUXFORD: Mr. Secretary, I heard that Eisenhower had asked for a directive as to what to do with German industry when he runs in to it, moving into Germany. Now, it seems to me that that means the sand is rapidly coming to an end, that you are either going to have to have some kind of a directive ready, or you may find yourself with a directive blowing up the very plants you may want to produce the reparations. There have to be some kind of reparations, and in a hurry if we are going to get anywhere.

H.M.JR: You had better talk with White and find out where you stand and where I stand on this reparations question. What you are saying is nothing new. McCloy is begging for a directive and can't get one.

- 4 -

In the meantime General Julius Holmes is going to go ahead, quite frankly, and do a good Army job.

Mr. Stimson said the Army, after all, spends five years at peace for one at war, and they are accustomed to doing relief work--floods, and general things like that. When they go in, they want to do a good job, and that is what they are proposing to do now.

MR. PEHLE: In that area of Germany which is assigned to the United States? And unless there is a meeting of minds between the British, ourselves, and the Russians--

H.M.JR: Yes.

MR. PEHLE: ...it is going to be pretty clear.

H.M.JR: I told them, and McCloy didn't answer.

When I told this to Hopkins, he greatly questioned it, because he said McCloy and that whole crowd were ready to do a tough job.

I said, "I don't question McCloy, but as soon as you get to Europe you will find they don't." I told that to Mr. Stimson and Mr. McCloy, and they didn't argue. They agreed that G-5 is ready to go in and do a WPA job for Germany.

MR. GASTON: Did you notice the cartoon in the Herald Tribune and the Post this morning? It represents Stalin, Churchill, and Roosevelt fishing from a boat. Roosevelt and Churchill are fishing with bare hooks which are labeled "Unconditional surrender." Stalin is fishing with a hook which says, "Not so unconditional, or surrender with conditions." Stalin is asking them, "Why don't you boys put some bait on your hooks?"

H.M.JR: Of course, the Russians are holding completely aloof because they know what the situation is, and that is the unfortunate part about it.

- 5 -

MR. BELL: They say that McCloy is begging for a directive. To whom is he looking for the directive?

H.M.JR: The President of the United States.

MR. BELL: It isn't up to the War Department to try to draft something?

H.M.JR: Oh, no.

MR. BELL: He is looking for high policy, then?

H.M.JR: Sure. And when I told him that the President said he could settle this in thirty minutes with Churchill, McCloy said when he raised it six months ago the President said the same thing. But McCloy's attitude toward the President is very fine. He said, "It isn't up to the President, but up to us at that level to prepare stuff for the President, and it isn't fair to the President to sit back and say, 'Why doesn't he move?'" I found that when I was with McCloy alone his attitude toward the President was very fine. But just what his hurdles are--the fact remains that six months ago the President said he could settle this in thirty minutes.

This memorandum is the last memorandum that came out of State, "Report of Reparations, Restitutions, and Property Rights, Germany, July 31." That is the one White wouldn't approve until he talked to me. That was the first time White knew anything about it. That is what got me started on this trip, on this whole thing. That is Pasvolsky.

So, John, you are looking for new worlds to conquer, and when you get ready Mr. Luxford will arrange a round table for you. (Laughter)

MR. PEHLE: Is he authorized to commit you?

MR. LUXFORD: Sure, we will commit him.

BK
159
245

August 23, 1944
4:40 p.m.

Operator: Go ahead.

Will Clayton: Hello.

HMJr: Yes.

C: Henry, I just a few minutes ago got Jim Brownley.

HMJr: Yes.

C: He's been in meetings and so on. Of course, soon after I talked with you this morning I had to go on the stand and I didn't get off until one o'clock. And then -- so I just got him a few minutes ago. He said that he had been promised that nothing whatever would be done in that Munsingwear case without talking with him and me.

HMJr: Yes.

C: And that he would check into it immediately now to see what the present situation is and what can be done and let me know. So I'm expecting to hear from him again in the next half-hour or so and I'll let you know immediately.

HMJr: Will you? Because -- well, if that's the facts then they've just sold him down the river.

C: Well, he said that they -- they promised him that -- that it would lie, as he expressed it, it would lie fallow. It wouldn't

HMJr: Well

C: wouldn't -- there'd be no action taken.

HMJr: Well, it's about -- I'd say, corn that's about twelve foot high, ready to be harvested.

C: (Laughs) Well, he's going to check into it and I'll let you know right away when I hear from him. I'm going to push it and if there's any possible way

- 2 -

HMJr: Yeah.

C: of doing anything, why, I'm going to do it.

HMJr: Well, I'll -- I'll -- I'm counting on you.

C: I sure am. I surely will.

HMJr: Thank you.

C: Bye.

August 23, 1944
4:43 p.m.

Operator: Mr. Olrich.

HMJr: Olrich.

Ernest Olrich: Yes, Mr. Secretary.

HMJr: Clayton just called me. He said he'd finally got hold of Brownley. Is that his name?

O: Yes, sir.

HMJr: And Brownley had assured him that the case against Munsingwear would lay fallow unless they first spoke to Brownley.

O: Well....

HMJr: So I said instead of laying fallow, the corn has grown twelve foot high and is ready to be cut.

O: That's right. It's ordered for trial.

HMJr: So he said that Brownley said he would look into it and call him back in a half an hour.

O: Right. It was ordered for trial.

HMJr: It was ordered for trial?

O: Yes, sir. And we were compelled to file an answer and I have

HMJr: Well, may I make a suggestion?

O: Yes, sir.

HMJr: You have no trouble getting Clayton, have you?

O: No, sir.

HMJr: He's at his office.

O: I'll call him now.

HMJr: And why don't you call him now before he hears from Brownley again?

O: Righto. I'll do it right away, sir.
HMJr: You say you're calling him at my suggestion.
O: Yes, sir, I will.
HMJr: Thank you.
O: Thank you.

AUG 21 1944

Dear Marriner:

I have your letter of August 18, 1944, enclosing a memorandum containing the recommendations of the Executive Committee for handling the refunding of the maturing September 1 certificates, the September 15 notes, and the October 1 certificates.

I am glad to have these recommendations and appreciate your sending them to me. I understand that you and Bell have since conferred on the matter and have agreed to a little different approach to the maturing September 15 notes.

Sincerely yours,

(Signed) Henry

Honorable M. S. Eccles,
Chairman,
Board of Governors of the
Federal Reserve System,
Washington, D. C.

DWB:NLE
August 21, 1944



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE CHAIRMAN

August 18, 1944

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

Dear Mr. Secretary:

I am enclosing for your consideration a memorandum that contains the recommendations of the Executive Committee for handling the refunding of the September 1 certificates, the September 15 notes, and the October 1 certificates. This memorandum has been prepared following a discussion by the Executive Committee at its meeting held on July 28 and further telephone discussion since that time.

Sincerely,

A handwritten signature in cursive script, appearing to read "M. S. Eccles", is written over a large, light-colored flourish.

M. S. Eccles,
Chairman.

Enclosure

STRICTLY CONFIDENTIAL

MEMORANDUM FROM THE EXECUTIVE COMMITTEE OF THE
FEDERAL OPEN MARKET COMMITTEE TO THE SECRETARY OF THE TREASURY

The Executive Committee of the Federal Open Market Committee, at its meeting held on July 28, 1944, discussed the refunding of the certificates and notes that mature in the near future. As a result of this and subsequent discussion, the Committee suggests that the issue of September 1 certificates be refunded into a new issue of one-year certificates dated September 1 and that the two issues of September 15 notes and the issue of October 1 certificates be refunded into an issue of notes. The notes could be either an additional issue of the 1 1/4 per cent notes that were included in the Fifth War Loan, offered at a premium, or another issue with a later maturity date. The Committee would like to reserve its judgment on the terms of the note issue, however, until about the first of September.

The reasons for these suggestions are as follows:

1. An additional supply of notes would be helpful in maintaining the pattern of rates.
2. Such a refunding would help to keep within desirable limits the outstanding amount of certificates, anticipating that a new issue of certificates will be offered in the Sixth War Loan.
3. The combination of the certificate and note refunding would reduce from three to two the number of refunding operations that the Treasury will need to undertake within the next month.
4. The number of outstanding individual Treasury issues would be reduced.
5. The September certificates are largely held by nonbank investors, principally corporations, which would prefer certificates in exchange. The October certificates are largely held by commercial banks, most of which are likely to prefer notes in exchange.
6. Although there would be some advantage in giving to holders of all four issues an option to exchange for either notes or certificates, the Committee believes that in the interest of simplicity it would be preferable not to give an option.
7. Anticipation of the 4 per cent bonds that mature on December 15 would not appear to be desirable because of the problem of interest adjustment.

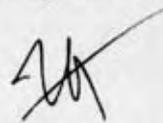
August 18, 1944

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE August 23, 1944

TO Secretary Morgenthau
FROM Mr. White



Subject: Dollar Accruals to the French Committee of
National Liberation.

General Hilldring has forwarded a letter estimating the dollars which will accrue to the French for our troop expenditures.

His estimate is \$20 million per month for the remaining months of 1944.

AUG 23 1944

Spaniards Are Big Spenders Despite Low Wages, Inflation

By EDWARD P. MORGAN,
Foreign Correspondent of The Star and
Chicago Daily News.

Soap and Olive Oil Scarce

ON THE SPANISH FRONTIER.—A chambermaid at the Palace Hotel in Madrid does not make enough money for a day's work to cover postage on an airmail letter to the United States.

She earns about 3 pesetas—30 cents at the official exchange rate—plus a small amount in tips.

This wage scale is not an innovation of the Franco regime; such levels have existed in Spain for generations. Technically, labor is getting more money now than under the republic, but actually, the working man is suffering acutely from wartime inflation—a circumstance which cannot wholly be blamed on Generalissimo Francisco Franco.

Since 1936 general living costs in Spain have increased roughly 250 per cent, while wages have advanced only 67 per cent. Eggs cost 14 pesetas (\$1.40) a dozen today; poultry from 16 to 22 pesetas a kilogram, or up to around 95 cents a pound; good leather shoes (they are not rationed) 70 pesetas (\$7) and up; cotton shirts 50 pesetas (\$5).

Spending Money Plentiful.

It is hard to see how the people live. Yet most of them do and somehow a large number find spending money besides. The great bull ring in Madrid is jammed even for "novilladas"—amateur performances—with people of every class.

One of the answers is increased government service. A workman making 14 pesetas (\$1.40) a day may get 7 extra in insurance security, depending on his family status, plus two months' extra pay in a year, and vacation. Frequently a man holds two jobs, working one in the morning, and the other after the siesta as is so often the custom in Latin America.

There is a black market. Spain has three grades of bread rationing: for the rich, the middle class and the poor. The last get three times as much as the rich and not quite twice as much as the "white collar class." The bread ration is small but it is enough so that some poor families manage with the rations of one or two members and sell the rest to the black market. This provides added income. Tobacco, also rationed, is often sold the same way. Imported American cigarettes, out of the reach of the poor, sell for around 8 pesetas (80 cents) a package.

Soap is extremely scarce and expensive and even at the best hotels you have to buy your own private cake. Olive oil, important to Spanish cooking, is very hard to get and then is usually of poor quality.

The government is accused of having worsened the inflationary spiral of prices by allowing Germany to buy, particularly in the early years of the war, goods which Spain desperately needed itself, notably foodstuffs. Today there is a potato shortage. Now, of course, not much of anything is being sold to Germany.

As the government controls the price of the peseta and imposes rigid restrictions on the movement of foreign exchange, there is a black market in pesetas, supported by Spaniards who want credits in dollars or pounds. You can sometimes get almost twice the official rate in these dealings, of 90 pesetas to \$1 instead of 10, and foreigners who do can live in Spain in comfort without tremendous expense. Denied this convenience, most of them, including diplomats, would find it hard to live at all.

To a traveler, the menus of a Madrid restaurant are gorgeous after the copious but uninspired army messes in Africa or Italy, or the restricted fare of England. You rediscover such articles as caramel sundaes, strawberries with whipped cream, banana splits and chocolate layer cake. Butter is scarce but obtainable at times; steaks are good and numerous; trout is excellent. A sumptuous meal with wine costs upwards of 50 pesetas (\$5).

Accurate unemployment statistics are impossible to obtain in Spain but businessmen say that the number of jobless today is not large.

One firm recently needed some temporary laborers in Barcelona and quoted the supposedly prevailing wage. Nobody showed up. The company finally got its men after raising the ante by about 3 pesetas a day.

SIXTEENTH REPORT TO CONGRESS
ON LEND-LEASE OPERATIONS

For the Period Ended June 30, 1944

CONFIDENTIAL: To be held in STRICT CONFIDENCE and no portion, synopsis, or intimation to be published or given out until the READING of the President's Message transmitting this report has begun in the Senate or the House of Representatives, which is expected to be at 12 NOON, WEDNESDAY, AUGUST 23, 1944. Extreme care must therefore be exercised to avoid premature publication.

STEPHEN EARLY,
Secretary to the President.

**SIXTEENTH REPORT TO CONGRESS
ON LEND-LEASE OPERATIONS**

For the Period Ended June 30, 1944

"The President from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose."

[From Section 5, subsection b of "An Act to Promote the Defense of the United States" (Public Law No. 11, 77th Congress, 1st Session).]

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PRESIDENT'S LETTER OF TRANSMITTAL

TO THE CONGRESS OF THE UNITED STATES OF AMERICA:

Pursuant to law, I am submitting herewith the Sixteenth Report to Congress on Lend-Lease Operations.

Lend-Lease supplies and services provided to our Allies in the three months ending June 30, 1944, amounted to \$4,045,000,000 in value. In all, lend-lease aid has been provided in the amount of \$28,270,000,000.

Three years ago the Axis aggressors were well along the road to domination of the world. The United States itself was in grave danger. Today the United Nations are moving relentlessly along the roads which lead to Berlin and Tokyo.

In the preparation and execution of the powerful offensives on which we are now jointly engaged with our Allies, lend-lease has fulfilled its promise. Every day that the men of our Army and our Navy go into battle lend-lease is being effectively used in the common cause by the heroic men of the other United Nations. Through lend-lease, the full power of American production is being brought to bear against our common enemies by the millions of fighting men of our Allies. Through lend-lease, American weapons and other war supplies are being used by our Allies to destroy our enemies and hasten their defeat.

We should not permit any weakening of this system of combined war supply to delay final victory a single day or to cost unnecessarily the life of one American boy. Until the unconditional surrender of both Japan and Germany, we should continue the lend-lease program on whatever scale is necessary to make the combined striking power of all the United Nations against our enemies as overwhelming and as effective as we can make it.

We know now that by combining our power we can speed the day of certain victory. We know also that only by continuing our unity can we secure a just and durable peace.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
August 23, 1944.

Chapter 1

LEND-LEASE AND THE UNITED STATES

For the Benefit of the United States

The title of the Lend-Lease Act is "An Act to Promote the Defense of the United States". Everything that has been done under the Lend-Lease Act has been for the defense of the United States and for no other purpose. The program of lend-lease aid began on March 11, 1941, at a time when the security of the United States was already gravely threatened by the Axis aggressors who were seeking to dominate the world. We gave aid to Britain and the other nations resisting the aggressors because these nations held positions vital to our own defenses. If they had been defeated, the Western Hemisphere would have been left isolated and surrounded by overwhelmingly powerful forces that made no secret of their hostility to our continued existence as a free and independent people. We gave lend-lease aid in order to aid ourselves.

When we were ourselves attacked on December 7, 1941, the nations to whom we had sent lend-lease aid were still in the fight and they became our strong fighting partners in the coalition war waged since then by the United Nations. Since December 7th we have given lend-lease aid in order to help our allies help us win complete and final victory over our common enemies at the earliest possible moment and at the lowest cost in lives. We have continued to provide lend-lease aid in order to aid ourselves.

The accounting of lend-lease aid is kept in dollar figures. But no money is either loaned or given away to other nations under lend-lease. The money that is used for the lend-lease

program is spent by the United States Government for arms and other war supplies and services needed for the fight against the Germans and the Japanese. Virtually all of these supplies are produced in the United States and virtually all of the money is spent in the United States. This money goes into the pockets of American farmers and American war-workers and American businessmen. Some of it comes back to the United States Treasury in the form of taxes.

It is not money, but tanks, planes, guns and ships, war-production materials, and food, that go abroad under lend-lease. And they go for one purpose only—to be used by our allies either directly or indirectly against our enemies—the Germans and the Japanese. The ultimate recipients of lend-lease supplies are not our allies. The ultimate recipients are the Germans and the Japanese whom our allies are able to kill or capture by using these supplies.



FOREIGN ECONOMIC ADMINISTRATION

Chart 1

Take, for example, a lend-lease bomb. This particular bomb is turned over to the British and the dollar cost goes into the books as lend-lease aid to the United Kingdom. But the British don't keep the bomb. It is dropped by a British plane square on a German gun emplacement holding up our tanks in northern France. It is the German gun crew that ultimately gets the bomb and is wiped out in the process.

We made that bomb for use against our enemies. The British used it against our enemies. Because the bomb was dropped by a British plane its cost was charged up to lend-lease. If the bomb had been dropped by an American plane its cost would be included in the U. S. Army Air Forces' own procurement costs. In either case the ultimate destination of the bomb and the benefits of its use to the United States and to the other United Nations are the same—the enemy is hurt, the lives of men in our own and allied forces are saved and victory is brought that much nearer. What is true of the bomb is also true of the other supplies that we send under lend-lease. American materials were combined with British materials in the British factory that produced the plane that dropped the bomb. And the British workers who built the plane and the RAF crew that flew it against the Germans got enough to eat because lend-lease food was included in their rations.

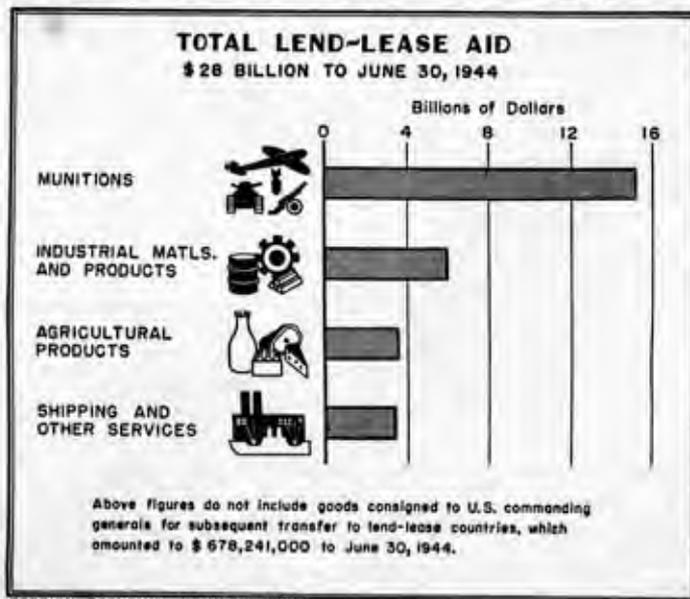
The statistics of lend-lease aid simply measure that part of our total production of war goods and services that is used by the forces of our allies, instead of by our own forces, against our enemies. In the same way, the statistics of their reverse lend-lease aid to us simply measure that part of their total production of war goods and services that is used by our forces, instead of theirs. But we benefit equally from that part of our allies' production that goes to their own armed forces, just as they benefit equally from that part of our production that goes to our own armed forces.

The ultimate measurement of the aid that we have given and have received is not to be found in the dollar figures of lend-lease and reverse lend-lease. Nor can it be found in any dollar figures, since human lives as well as material resources are involved in the accounting. It can be found only in terms

of the battles won, the millions of enemy troops killed and captured, and the hundreds of thousands of lives saved, because the United Nations have successfully combined all their resources in men and materials for winning victory and winning it far sooner than would otherwise have been possible.

Lend-Lease Aid

From March 11, 1941, to June 30, 1944, lend-lease supplies and services valued at \$28,270,351,000 were provided to our allies under the Lend-Lease Act. In addition \$678,241,000 worth of supplies were consigned to U. S. commanding generals in the field for subsequent lend-lease transfer to allied forces. The decisions as to whether these war supplies and services should be provided to our allies instead of being used by our own forces were made by the United States' own military chiefs of staff and war production high command on the basis of one consideration only—that these supplies and



FOREIGN ECONOMIC ADMINISTRATION

Chart 2

TOTAL LEND-LEASE AID

March 1941 Through June 30, 1944

Category	Amount	% of Total
Goods Transferred:		
Munitions.....	\$15,162,329,000	53.6
Industrial Materials and Products.....	6,026,086,000	21.3
Agricultural Products.....	3,630,585,000	12.9
Total Transfers.....	24,819,000,000	87.8
Services Rendered:		
Servicing and Repair of Ships, etc.....	522,853,000	1.9
Rental of Ships, Ferrying of Aircraft, etc.....	2,210,752,000	7.8
Production Facilities in U. S.....	621,700,000	2.2
Miscellaneous Expenses.....	96,046,000	0.3
Total Services.....	3,451,351,000	12.2
Total Lend-Lease Aid.....	28,270,351,000	100.0
Consignments to Commanding Generals*.....	678,241,000

*Goods consigned to United States commanding generals for subsequent transfer in the field to lend-lease countries. The value of such goods transferred is not included in the lend-lease aid total of \$28,270,351,000. Further information on consignments to commanding generals is given in Table 17, page 54.

Table 1

services would do more good toward winning the war and toward aiding the United States if they were provided to our allies than if they were retained for our own use.

Ninety-seven percent of all lend-lease aid has been provided to our major fighting allies—the British Commonwealth, the Soviet Union, and China. The total dollar figure of lend-lease aid—over \$28,000,000,000—is about 15 percent of all that the United States has spent for defense and war purposes. Out of each dollar 85 cents has been spent for supplies and services used by our own forces in defense of the United States and toward winning the war; and 15 cents has been spent for supplies and services used by our allies toward winning the same war and therefore used equally in the interests of our own defense.

Approximately 54 percent of lend-lease aid has consisted of all types of fighting equipment, including ships, and classified as munitions. These are used by our allies directly against our enemies.

Approximately 21 percent of lend-lease aid has consisted of industrial materials and products. These are also used by our allies against our enemies. Some of these products, such as aviation gasoline, are used to power allied bombers and fighters. The rest of these supplies are used in the factories of our allies to produce munitions and other vital war materials. With these supplies the factories of our allies can produce more fighting equipment.

Approximately 13 percent of lend-lease aid consists of foods and other agricultural products. These supplies, too, are used by our allies indirectly against our enemies. Lend-lease food makes it possible for the soldiers in their armies and the workers in their factories to get enough to eat.

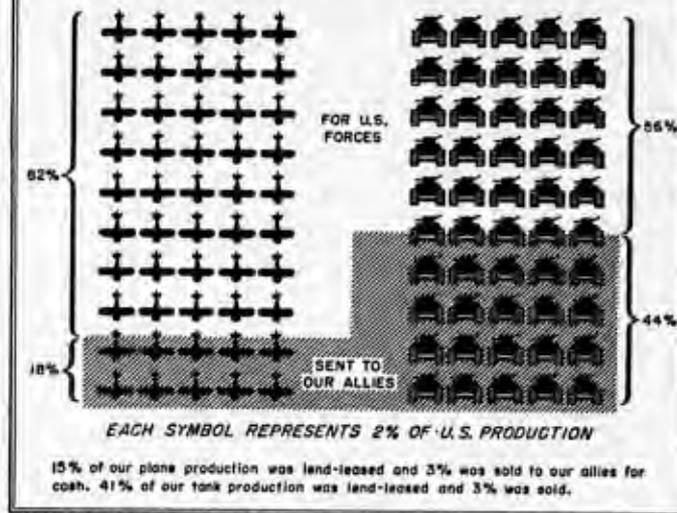
The balance of lend-lease aid—about 12 percent of the total—consists of services, such as the repair and rental of ships, the ferrying of aircraft, and the building of factories in the United States to produce lend-lease supplies. These services enable our allies to use more effectively against our enemies both what they themselves produce and what we send to them.

Lend-Lease Munitions and U. S. Production

Lend-lease munitions transfers totalled \$15,162,000,000 by June 30, 1944. Yet this great amount was only 15 percent of our total munitions production since the beginning of our defense and war production program in 1940. Our allies purchased another 3 percent for cash. Our own armed forces have received 82 percent—over four-fifths—of all the munitions we have produced.

We have sent 30,900 lend-lease planes to our allies since March 11, 1941. They have purchased another 7,000 for cash. We retained for the use of our own forces over 175,000 planes. Lend-lease planes, great as their numbers have been, have accounted for only 15 percent of our total plane production.

HOW WE HAVE SHARED OUR PLANE AND TANK PRODUCTION



FOREIGN ECONOMIC ADMINISTRATION

Above percentages are based on numbers of finished planes and tanks.

Chart 3

We have sent to our allies 26,900 lend-lease tanks and 637,600 other military motor vehicles, including ordnance vehicles, jeeps, and trucks. Our allies have purchased from us for cash an additional 1,600 tanks and 270,000 trucks. We have retained for our own use 36,500 tanks and 1,500,000 other military motor vehicles. The lend-lease share of our total production of tanks and other military motor vehicles is larger than for any other category of munitions—25 percent.

On the other hand, the \$2,641,776,000 worth of naval and merchant ships and small craft leased to our allies for the war have amounted to less than 10 percent in value of all ships built in American yards—so great has been our ship building program. We have leased 511 cargo ships of 1,000 gross tons or over and 1,284 merchant and auxiliary craft of under 1,000

gross tons. We have leased over 1,400 naval vessels of all types, the great majority of which are landing craft, PT boats, and other small craft, but including also a few score of larger combat types, such as convoy escort aircraft carriers and corvettes. All ships provided under the Lend-Lease Act are leased for the duration of the war and remain the property of the United States.

Industrial Materials and Products

Similarly the industrial materials and products sent to our allies have been a comparatively small part of our total production of these war supplies. We have, for example, sent \$1,009,399,000 of petroleum products under lend-lease. This was less than 9 percent of our total production of petroleum products, and much of the gasoline and oil we have sent abroad under lend-lease has been used by our own overseas air and naval forces.

Foodstuffs

Between March 11, 1941, and June 30, 1944, we sent over \$3,300,000,000 worth of food, almost entirely to the United Kingdom and Russia. The British cannot raise enough food on their crowded island to feed themselves; they must import much of their food or starve. And the Soviet Union's best food-producing areas were in the hands of the Germans for more than two years. The food we have sent has been vital to winning the war. Yet it has been less than 10 percent of our total food production since the beginning of the lend-lease program. In the first six months of this year we have shipped under lend-lease, for example, 8 percent of all our meat, including only 1 percent of our beef and veal and 13 percent of our pork; less than 2 percent of our butter, slightly over 19 percent of our cheese, less than 4 percent of our canned vegetables and 8 percent of our canned fruits and juices.

Lend-Lease Exports and Cash Exports

Actual shipments of lend-lease supplies reached a cumulative dollar value of \$21,534,870,000 on June 30, 1944.¹ For the past 12 months lend-lease exports have averaged close to \$1,000,000,000 a month. In spite of this tremendous volume of lend-lease exports and the inevitable effects of war requirements and shipping shortages on normal commercial trade, the dollar value of cash exports from the United States has been maintained at pre-war levels and has been increasing for the past 12 months. Our cash exports between March 11, 1941, when the Lend-Lease Act became law, and June 30, 1944, totaled \$10,900,000,000, approximately half as much as our lend-lease exports in the same period.

UNITED STATES FOREIGN TRADE

Value in Millions of Dollars

	Exports			Imports
	Lend-Lease	Cash	Total	
1935.....		2,283	2,283	2,047
1936.....		2,456	2,456	2,423
1937.....		3,349	3,349	3,084
1938.....		3,094	3,094	1,960
1939.....		3,177	3,177	2,318
1940.....		4,021	4,021	2,625
1941.....	739	4,408	5,147	3,345
1942.....	4,891	3,144	8,035	2,742
1943.....	10,109	2,609	12,718	3,364
1944*.....	11,586	2,822	14,408	4,094

*First 6 months at annual rate.

Table 2

¹ The value of total lend-lease aid exceeds the value of lend-lease exports, since the figures on aid include, and the export statistics do not include, the following items:

1. Goods transferred and awaiting export. 2. Goods transferred for use in this country, such as trainer planes used in the training of United Nations pilots. 3. Lend-lease services. 4. Ships leased for the duration of the war. 5. Supplies purchased outside the United States and transferred under lend-lease.

Although the outbreak of war in Europe in 1939 cut into our normal commercial exports, the total of our cash exports increased sharply in 1940 and 1941 because of large purchases of military equipment and other war supplies made by the nations now our allies, principally before the lend-lease program went into effect. Shipments on these war contracts continued through 1942 and into 1943. From 1939 through 1943 we exported \$2,389,000,000 worth of military equipment for which we were paid cash, principally by the British. In addition, billions of dollars worth of other supplies purchased by the British and others for war purposes were included in our cash exports. As these pre-lend-lease contracts were completed the cash export totals declined from the 1941 level. This decline continued through the first six months of 1943. Since July 1, 1943, however, the trend has been reversed, and a gradual increase in cash exports has continued for a full year.

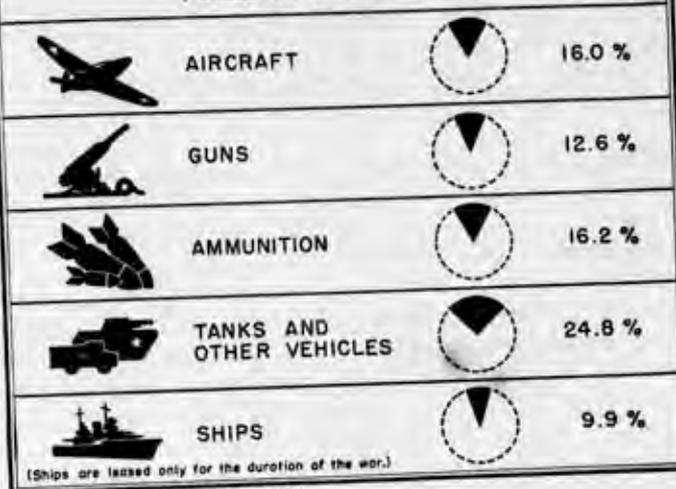
In the four pre-war years, 1935-1938, total United States exports averaged less than \$2,800,000,000 a year. In the first six months of 1944 our cash exports, exclusive of lend-lease, were at an annual rate in excess of \$2,800,000,000 a year.

Even after allowance is made for differences in price levels, this is a surprising record. It is in sharp contrast to the experience of the United Kingdom, for example, whose exports, excluding munitions, have declined by more than 50 percent in value and by 70 percent in volume since the war began.

Including lend-lease, our total exports in the first six months of 1944 were at an annual rate of over \$14,400,000,000 a year, far in excess of the highest peacetime levels.

While lend-lease is a war program, it is likely to have stimulating effects on the commercial post-war foreign trade of the United States. The war has introduced American products to other countries in a volume and variety never approached before. After the war these countries will want to continue to obtain many of these products by buying them. American industry will have a greatly expanded foreign market, provided that our international economic policies make it possible for these nations to pay for their purchases.

PROPORTION OF OUR MUNITIONS PRODUCTION WE HAVE LEND-LEASED
(BASED ON DOLLAR VALUE)



FOREIGN ECONOMIC ADMINISTRATION

Chart 4

Lend-Lease on the Battlefronts

These effects of lend-lease on United States foreign trade are, however, incidental.

The lend-lease program is being carried out for one purpose, to help win the war—and to win it as quickly as possible. The results that have been and are being obtained from the lend-lease program are to be found, therefore, on the battlefronts around the world.

Chapter 2

LEND-LEASE AND THE WAR FRONTS

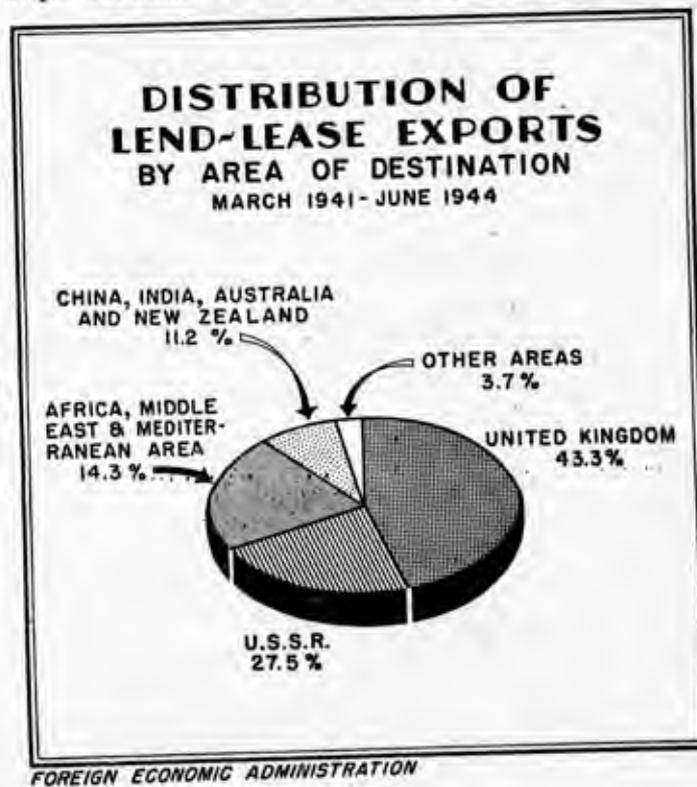
Three years ago, on June 30, 1941, the lend-lease program was just getting under way. The Nazis and the Fascists were the masters of all Western Europe. The British Isles were beleaguered by sea and by air, threatened by invasion and still fighting on only by a miracle of courage and united effort. Most of the Mediterranean was an Axis lake and the lifeline of the British Empire at Suez was in imminent danger of being cut. To the east, Hitler had launched his great offensive against the Soviet Union. The German armies were moving rapidly ahead and the Axis leaders were confident they would be in Moscow by fall. In the Far East, Japan was tightening her stranglehold upon China and secretly preparing her attack upon us, the British, and the Dutch. The Axis powers had not won the war, but they were winning all the battles and they appeared to possess overwhelming superiority in military equipment and trained manpower over the nations opposing them.

From Trickle to Torrent

The first lend-lease shipments were small. Between March 11, 1941, and December 7, 1941, we shipped only \$620,000,000 worth of supplies to the fighting fronts. But this aid and the promise that lay behind it of much more to come was given at a critical moment. The first lend-lease food shipments arrived in England at a time when the German submarine campaign had come so close to starving Britain out that her warehouses were almost empty of food stocks. The first American tanks

and planes arrived at Suez in time to strengthen the British 8th Army sufficiently to launch a counter-attack against Rommel. The first convoy of American and British supplies reached Murmansk at a time when the Nazi armies were at the gates of Moscow. In the Far East, American engineers and materials arrived for the development of the Burma Road into a passable, although still dangerous highway, and thousands of American trucks arrived to triple the volume of supplies carried over the road into China.

Lend-lease shipments were a trickle in 1941. But they helped our allies hold the line while we worked against time



to expand our war production and train our armed forces in defense against the growing menace of the Axis. When we were attacked, Britain, Russia, and China were still fighting strongly and we were far better prepared than we would otherwise have been.

In the three years between June 30, 1941, and June 30, 1944, our lend-lease shipments to our allies, now combined with the tremendous striking power of our own forces, have fulfilled the prophecy made to Congress in the Second Lend-Lease Report on September 11, 1941: "Planes, tanks, guns, and ships have begun to flow from our factories and yards, and the flow will accelerate from day to day, until the stream becomes a river, and the river a torrent, engulfing this totalitarian tyranny which seeks to dominate the world."

Lend-lease shipments from the United States to the war theatres now total \$21,534,870,000. In addition we have leased for the duration \$2,448,039,000 of naval and merchant shipping and provided \$3,451,350,000 worth of lend-lease

LEND-LEASE EXPORTS TO ALL COUNTRIES

Thousands of Dollars

Category	Mar. 1941- June 1942	July 1942- June 1943	July 1943- June 1944	Total
Ordnance and Ammunition	328,766	1,277,206	1,694,146	3,300,118
Aircraft and Parts	375,034	1,287,499	2,711,680	4,374,213
Tanks and Parts	161,206	768,629	886,000	1,815,835
Motor Vehicles and Parts ..	208,988	617,826	1,285,876	2,112,690
Watercraft	29,460	196,919	234,911	461,290
Total Munitions	1,103,454	4,148,079	6,812,613	12,064,146
Industrial Materials and Products	687,092	1,865,696	2,903,458	5,456,246
Agricultural Products	784,441	1,300,054	1,929,983	4,014,478
Total	2,574,987	7,313,829	11,646,054	21,534,870

Table 3

services. For the past 12 months lend-lease exports have averaged close to a billion dollars each month, almost as much as in the entire first 12 months of the lend-lease program put together.

The enemy has felt the results of these shipments, just as he has felt the power of our own armed forces. For the United Nations the prospect has changed from the imminent danger of disaster to the certainty of complete victory, sooner than we had hoped, provided we do not allow the enemy to divide us, nor weaken the combined program that has brought us where we are today.

Combined Offensives

The forces of the Soviet Union, strengthened by lend-lease supplies, have pushed the Nazis back 1,200 miles from the Caucasus to the gates of Warsaw. The Red Army is over half of the way to Berlin. In the three years from June 22, 1941, to June 22, 1944, the Soviet Government has announced that the Soviet forces, while suffering the terrible number of 5,300,000 dead and missing soldiers themselves, have killed or captured 7,800,000 of the enemy. Hitler will not be able to use these men on the Western front.

Combined British, French, and other allied forces, fighting beside Americans and strengthened by lend-lease, have driven the enemy from all of Africa, cleared the Mediterranean and liberated over two-thirds of Italy.

In Western Europe the combined British-American air offensive upon Germany is continuing while the American, British, French, Canadian, Belgian, Dutch, and Polish forces are liberating France and destroying hundreds of thousands of the enemy. They, too, are headed for Berlin.

In the war against Japan the United States' drive across the Central Pacific has been supported by the decisive participation of Australian, New Zealand, and Dutch forces in General MacArthur's campaign back toward the Philippines by way of New Guinea. In the China-Burma-India theatre, Chinese, American, British, and Indian troops are fighting their way across Burma under General Stilwell; the Japanese have been

ejected from India; British naval forces in the Bay of Bengal are gaining strength for future blows in the direction of Singapore; and our air power inside China is growing fast as our B-29's hit the Japanese homeland again and again.

The combined forces of the United Nations are well on the way to Berlin and Tokyo. They are much further along the road than they could possibly have been without lend-lease and mutual aid. We shall shorten the war still further and save the lives of additional tens of thousands of Americans and allied soldiers by continuing the lend-lease program to the full extent necessary to win final victory over Japan—as well as Germany—at the earliest possible moment.

THE OFFENSIVES IN WESTERN EUROPE

When the combined American, British, French, and Canadian forces began the liberation of France on June 6, 1944, they were the best equipped and best supplied armies ever to move against an enemy. United States, British, and Canadian production had been pooled for three years to produce

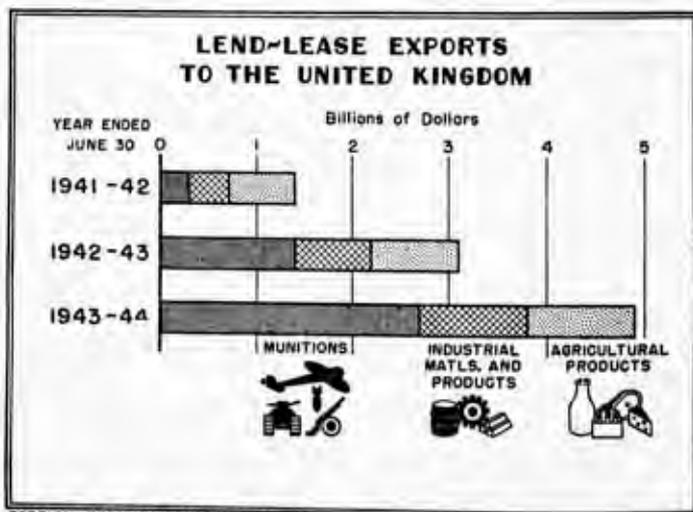


Chart 6

this result. Through lend-lease and mutual aid United States and Canadian production supplemented British production. Through reverse lend-lease Britain furnished our forces with supplies that could be provided locally. Most of the ships engaged in the landing and supply operations were British-manned. A majority of the ground forces have been Americans. The Air Forces are about equally divided. Regardless of nationality, every man who has participated in these operations has had what he needs to fight successfully against a dangerous and treacherous enemy. General Eisenhower has welded these armies into a single fighting team.

Guns, Planes, Tanks and Ships

Lend-lease shipments to the United Kingdom between March 11, 1941, and June 30, 1944, had a dollar value of \$9,321,549,000. About half of these supplies consisted of fighting equipment. Guns, shells, and bombs alone amounted to almost \$1,500,000,000. Many of these guns are now firing against the

LEND-LEASE EXPORTS TO UNITED KINGDOM

Thousands of Dollars

Category	Mar. 1941- June 1942	July 1942- June 1943	July 1943- June 1944	Total
Ordnance and Ammunition . . .	103,899	463,704	878,044	1,445,647
Aircraft and Parts	136,412	370,588	1,000,170	1,507,170
Tanks and Parts	20,831	352,476	390,953	764,260
Motor Vehicles and Parts	40,532	103,179	337,123	480,834
Watercraft	16,305	108,615	86,444	211,364
Total Munitions	317,979	1,398,562	2,692,734	4,409,275
Industrial Materials and Products	424,247	793,100	1,065,776	2,283,123
Agricultural Products	662,015	867,123	1,100,013	2,629,151
Total	1,404,241	3,058,785	4,858,523	9,321,549

Table 4

same enemy our men are facing in France and many of the bombs are now being dropped by British planes on our enemy's defense points, communications lines, and war-production centers.

The British produce themselves over three-quarters of the planes used by the R. A. F., including all their heavy bombers and most of their fighters, but we have shipped under lend-lease over 6,000 medium and light bombers, fighters and other planes to the United Kingdom, besides the thousands the British bought from us for cash or have received from Canada. We have also sent to the United Kingdom over 9,900 tanks. Many of these planes and tanks, manned by British crews, are fighting in the French campaign today.

We have also leased to the British for the duration \$1,610,-027,000 worth of combat ships and small naval craft. Many of the planes lend-leased to the British have been carrier planes which are now flying from British aircraft carriers. With this assistance to their own naval production, the British have been able to carry the major part of the burden of convoying men and supplies across the Atlantic and of covering our landing operations in North Africa, Sicily, Italy, and France, while the United States fleet has concentrated on the Pacific phase of the war.

British Factories and Food Rations

The British have themselves produced by far the larger share of the equipment needed for their forces. We have assisted them to maintain their war production record by supplying \$2,283,123,000 worth of industrial materials and products. Our shipments have included over 6,000,000 tons of steel and 550,000 tons of other metals for the production in British factories of more guns and planes and tanks and bombs to use against the enemy.

Before the war Britain imported about two-thirds of her food. By strict rationing and greatly increased home production the British have reduced their food imports by nearly two-thirds and thus saved ships for fighting equipment.

Part of their reduced food imports comes from the United States under lend-lease. We have sent Britain \$2,143,590,000 of food. This has been about 10 percent of Britain's total food supply. With this additional food from us, the British have been able to maintain the rations of their war workers, at a level considerably lower than ours, but still sufficient for working efficiency.

Italy and Southern France

Lend-lease shipments to the Mediterranean theatre totaled \$3,070,829,000 up to June 30, 1944. Almost all of these shipments have consisted of military supplies for the British, Indian, Polish, French, New Zealand, Australian, Greek, and other allied armies that have made up a majority of the United Nations fighting forces in this theatre. Until our landings in North Africa these supplies all had to be shipped around Africa and up the Red Sea or flown across Africa.

LEND-LEASE EXPORTS TO AFRICA, MIDDLE EAST, AND MEDITERRANEAN AREA

Thousands of Dollars

Category	Mar. 1941- June 1942	July 1942- June 1943	July 1943- June 1944	Total
Ordnance and Ammunition	65,665	294,808	263,148	623,621
Aircraft and Parts	11,147	238,928	439,844	689,919
Tanks and Parts	44,108	177,175	308,234	529,517
Motor Vehicles and Parts	63,218	121,558	211,896	396,672
Watercraft	8,476	9,372	26,973	44,821
Total Munitions	192,614	841,841	1,250,095	2,284,550
Industrial Materials and Products	77,813	236,500	275,651	589,964
Agricultural Products	17,917	61,249	117,149	196,315
Total	288,344	1,139,590	1,642,895	3,070,829

Table 5

We have sent in all 4,800 lend-lease planes, 5,100 tanks, and 73,000 trucks and other motor vehicles to this theatre. This equipment has played a major role in the campaigns that began at El Alamein and Algiers in the fall of 1942 and have now reached Florence in northern Italy. It has strengthened the striking power of the allied forces fighting beside Americans in the invasion of southern France. In these campaigns, the Axis armies have lost hundreds of thousands of men and tremendous quantities of equipment.

The Army of France Reborn

With the fall of France, the French Army was virtually destroyed. Now there is an army of France again. It is equipped with lend-lease arms. In addition to equipment lend-leased directly to the French, we have sent \$420,369,000 worth of lend-lease equipment to the U. S. Commanding General in the field for subsequent transfer to the French. Some divisions of the reborn French Army have been playing a gallant and important role for months in the Italian campaign. Others are now engaged in southern France. In northern France a French armored division has been striking toward Paris as a powerful unit of Lieut. Gen. Patton's Third Army. Its commander is General Jacques LeClerc, who led the French in their 1,200 mile drive across the Sahara from Lake Chad to Tripoli in January 1943. Then his men rode in a few old and battered British and American trucks and light tanks.

The Germans thought that the men in this army would not be able to fight again in this war, because they had lost their arms and their homeland. They are back in the fight because we have sent them the Sherman tanks, the American half-tracks and artillery and the other equipment to replace what they had lost.

There are hundreds of thousands of men in the armed forces of Poland, Norway, the Netherlands, Czechoslovakia, Yugoslavia, Greece, and Belgium who are also back in the fight, though their homelands are occupied, because of the equip-

ment that we and the British have been able to supply. Nor does this figure include the millions of partisan and underground forces fighting behind the German lines. All of them are doing their full share toward winning battles and killing Germans and Japanese.

THE EASTERN FRONT

In one of the most rapid and overwhelming military campaigns in history, the Red Army has advanced to the borders of East Prussia and the gates of Warsaw. Fighting on an 800-mile front from the Gulf of Finland to the foothills of the Carpathian mountains, the Soviet forces have broken through the German Baltic defenses, spanned the Vistula River in Poland, and covered more than half the distance to Berlin. The Soviet summer campaign began on June 23rd. In the first 38 days the Red Army had driven the enemy out of 110,000 square miles of territory, an area larger than New York, Pennsylvania and Maryland combined.

For Soviet War Production

Behind the advance of the Red Army and supplying its vital needs are Soviet production—now largely relocated and rebuilt in Siberia—and American lend-lease, supplemented by large amounts of British and Canadian mutual aid goods.

With the assistance of more than \$1,500,000,000 worth of industrial supplies and equipment that the United States has shipped to the U. S., S. R. from October 1941 through June 30, 1944, the Soviet Union has strengthened its own industrial ability and capacity to meet the growing needs of its armies. U. S. Government officials who have visited the Soviet Union have seen American steel, American machine tools, and other industrial products in the Soviet war factories, shipyards, and repair shops that are providing the Soviet forces with the greater part of their equipment.

The rapid advance of the Red Army has meant increasingly long lines of transportation and communication to the rear, much of the way over lands that have been scorched by the retreating enemy. Lend-lease shipments of mobile equipment

and large quantities of supplies for its transportation and communication systems have aided the Red Army materially as it advances farther and farther from its home bases.

For Soviet Supply Lines

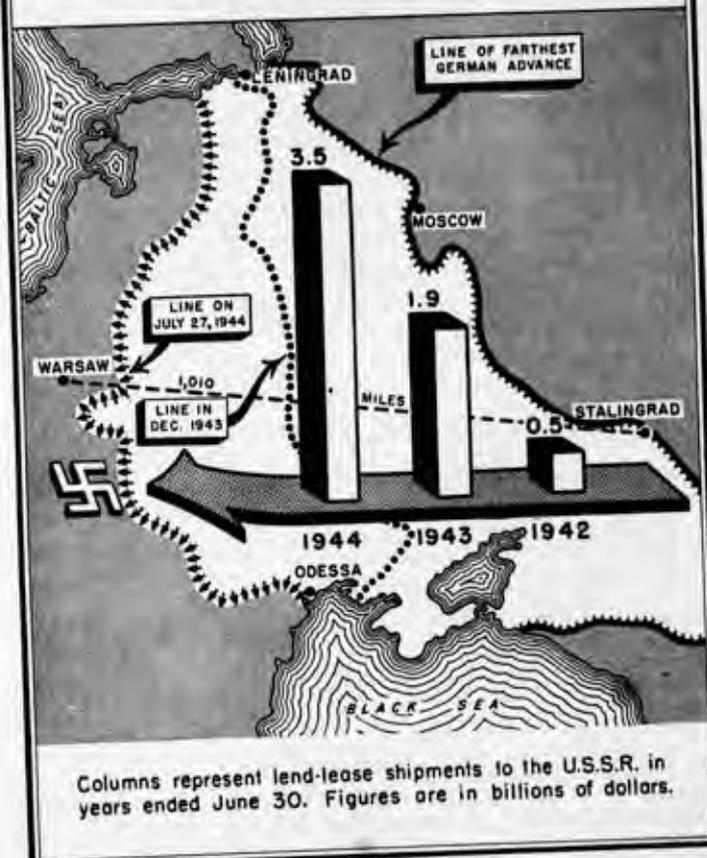
We have sent 300,000 trucks and other military motor vehicles to the Soviet Union. Half of all the supplies for the advancing Red Army that are sent by road are now being carried in American lend-lease trucks, according to estimates of U. S. Army observers. Almost 84,000 military motor vehicles were shipped to Russia in the first six months of 1944 alone.

Last year we began a program for shipments of railroad rolling stock to the Soviet Union. By June 30, 1944, we had sent to the Soviet 339 locomotives and 1,640 flat cars. We also increased our shipments of railroad rails and accessories. By June 30, we had shipped more than 455,000 tons of railroad rails and accessories, car and locomotive wheels and axles to aid in the rebuilding and expansion of the Soviet railroads. For the Soviet Army's communications system, we have shipped 934,000 miles of field telephone wire and 325,000 field telephones. American supply officers attached to the U. S. military mission have reported from the Soviet front that American transport and communications equipment has contributed immeasurably to success on the eastern front.

11,000 Planes

In the first six months of this year we sent more than 3,000 planes to the Soviet Union. From October 1, 1941, through June 30, 1944, more than 11,000 planes have been flown or shipped from the United States. Most of the planes sent to the Soviet Union have been Bell Airacobra P-39 and Curtiss P-40 fighters, Douglas A-20 attack bombers, and North American B-25's. The ace of all allied fighter pilots, Lt. Col. Alexander Pokryshkin of the Soviet Air Force, shot down 48 of his 59 Nazi planes in a Bell Airacobra. Nine other Soviet aces have shot down between 20 and 44 German planes each in lend-lease Airacobras. The German planes shot down by Russian airmen flying lend-lease planes cannot be used by Hitler against our men in France.

SOVIET OFFENSIVE AIDED BY LEND-LEASE



FOREIGN ECONOMIC ADMINISTRATION

Chart 7

American fighter pilots are now also giving direct support to the Soviet offensive on the eastern front. From shuttle-bombing fields behind the Soviet front, American long-range pursuit ships have participated in operations in the Lwow area in Poland. American air forces stationed at these bases in Soviet territory are being provided with living quarters and other services and supplies by the U. S. S. R. under reverse lend-lease.

Food shipments to the Soviet Union have totalled 3,079,000 short tons since October 1, 1941, and are valued at more than \$900,000,000. These shipments include 588,000 tons of wheat and flour, 510,000 tons of canned meat, 356,000 tons of vegetable oils, and 62,000 tons of canned and dried milk. Our food shipments have made it possible for the Soviet Union to maintain the rations of the Red Army. To assist the Soviet people in the production of their own foods, particularly in the recently liberated Ukraine, and to relieve their dependence on outside sources, we have also shipped 17,000 tons of seeds since lend-lease aid to Russia began.

LEND-LEASE EXPORTS TO U. S. S. R.

Thousands of Dollars

Category	Mar. 1941- June 1942	July 1942- June 1943	July 1943- June 1944	Total
Ordnance and Ammunition.....	49,176	266,684	398,502	714,362
Aircraft and Parts.....	120,884	400,362	659,732	1,180,978
Tanks and Parts.....	81,930	101,135	134,795	317,860
Motor Vehicles and Parts.....	59,979	256,120	500,607	816,706
Watercraft.....	3,624	52,281	91,519	147,424
Total Munitions.....	315,593	1,076,582	1,785,155	3,177,330
Industrial Materials and Products.....	110,054	524,295	1,094,483	1,728,832
Agricultural Products.....	85,468	330,200	610,114	1,025,782
Total.....	511,115	1,931,077	3,489,752	5,931,944

Table 6

30% Ahead of Schedule

From the beginning of the Soviet lend-lease program in October 1941 through June 30, 1944, total United States lend-lease exports to the U. S. S. R. have amounted to \$5,900,000,000. Of that amount, more than \$1,650,000,000 has been shipped in the first six months of this year.

Because of the increased and pressing needs of the Soviet armies for the final drives against Germany as American and British forces attack from the west and south, shipments from the United States in the period between July 1, 1943, and June 30, 1944, exceeded the schedules called for under the Third Protocol by 30 percent. The schedules of the Third Protocol have been extended with necessary modifications to meet special circumstances, until the Fourth Protocol negotiations, now under way, are completed.

THE WAR AGAINST JAPAN

Southwest Pacific

Over \$2,641,000,000 worth of lend-lease supplies have been sent to Australia, New Zealand, and the China-Burma-India theatre for the war against Japan. These supplies have included almost 5,000 lend-lease planes and almost 3,000 lend-lease tanks which are being used against the Japanese by Australian, New Zealand, British, Chinese, Indian, and Dutch forces. With this help from us, they are inflicting heavy damage on the same enemy our men are fighting.

About a billion dollars' worth of these supplies have been sent to Australia and New Zealand in order that their participation in the allied campaign under General MacArthur may be as effective as possible. Australian and New Zealand troops, naval units, and air forces have continued to play an important part in the fighting in New Guinea and the Solomons alongside United States forces. Dutch airmen and troops in increasing numbers are also seeing action in this theatre. These allied forces have taken a heavy toll of the Japanese, and are now heading, along with our own forces, in the direction of the Philippines and the East Indies.

LEND-LEASE AID IN THE WAR AGAINST JAPAN



AIRCRAFT AND PARTS		\$ 605,889,000
GUNS AND AMMUNITION		505,685,000
TANKS AND OTHER MOTOR VEHICLES		577,108,000
OTHER WAR SUPPLIES		952,631,000
TOTAL, TO JUNE 30, 1944		\$ 2,641,313,000

The above figures represent: (a), lend-lease exports to China, India, Australia and New Zealand; and (b), goods consigned to U.S. commanding generals for subsequent transfer to China.

FOREIGN ECONOMIC ADMINISTRATION

Chart 8

This war theatre offers a vivid example of lend-lease and reverse lend-lease as a means of uniting the assets of the allies for fighting the war. In the 100,000 square miles embraced by the Solomons, New Britain, and New Ireland to the Carolines in the north and the outer Netherlands Indies on the west, troops are widely scattered and supply lines are difficult to maintain. To help meet this supply problem, engines built in the United States and sent out as lend-lease are fitted into Australian-built hulls, and the resulting motorships move among the scattered islands carrying food and supplies to the combined allied forces under MacArthur.

Industrial materials sent by the United States are also making possible a vastly increased production of munitions in the factories of Australia and New Zealand, while munitions shipped from this country and from the United Kingdom supplement the domestic output.

LEND-LEASE EXPORTS TO AUSTRALIA AND NEW ZEALAND

Thousands of Dollars

Category	Mar. 1941- June 1942	July 1942- June 1943	July 1943- June 1944	Total
Ordnance and Ammunition..	21,867	80,883	25,571	128,321
Aircraft and Parts.....	34,350	70,962	141,341	246,653
Tanks and Parts.....	2,176	48,727	4,343	55,246
Motor Vehicles and Parts....	3,981	59,586	94,019	157,586
Watercraft.....	4	3,594	3,645	7,243
Total Munitions.....	62,378	263,752	268,919	595,049
Industrial Materials and Products.....	34,032	150,785	197,425	382,242
Agricultural Products.....	5,153	14,087	15,354	34,594
Total.....	101,563	428,624	481,698	1,011,885

Table 7

Australia and New Zealand are supplying over 90 percent of the food needs of our troops in the South and Southwest Pacific. In New Zealand only 25 percent of the total food production is retained for civilian consumption. Fifty percent is sent to the United Kingdom and 25 percent assigned to the American troops. In Australia, too, where agriculture is the principal industry, 20 percent of the total war budget is devoted to reverse lend-lease, and hundreds of thousands of tons of food are made available to the American troops.

China-Burma-India

China has been cut off by land and sea since the Burma Road was lost in April 1942, more than two years ago. Even when the Burma Road was open, the amount of supplies that could be carried over its hairpin turns and dizzy precipices never much exceeded 15,000 tons a month. Since April 1942 the only transportation into China has been by air. The air

route from Assam in upper India, to Yunnan province in China, crosses some of the worst country in the world through weather that is equally bad a large part of the year. Until recently the route has also been constantly subject to attack by Japanese fighter planes using bases in upper Burma.

LEND-LEASE EXPORTS TO INDIA AND CHINA

Thousands of Dollars

Category	Mar. 1941- June 1942	July 1942- June 1943	July 1943- June 1944	Total
Ordnance and Ammunition..	57,639	105,971	72,808	236,418
Aircraft and Parts.....	30,777	60,889	267,570	359,236
Tanks and Parts.....	10,287	63,550	31,833	105,670
Motor Vehicles and Parts...	38,272	47,328	109,525	195,125
Watercraft.....	469	8,004	20,014	28,487
Total Munitions.....	137,444	285,742	501,750	924,936
Industrial Materials and Products.....	30,623	120,885	223,792	375,300
Agricultural Products.....	6,084	23,955	72,151	102,190
Total.....	174,151	430,582	797,693	1,402,426

Table 8

Nevertheless, the planes that fly this route now carry into China a considerably greater tonnage than was ever carried over the Burma Road. It is still only a relative trickle, and most of the supplies consist of gasoline, bombs, and ammunition for the United States and Chinese Air Forces operating inside China. All the gasoline that is used by the increasing number of combat planes flying from bases inside China, from our giant B-29's to P-40 fighters, has to be flown into China over the Hump.

Chinese Fliers and Tankmen

We have been able to get only a small amount of lend-lease supplies to the Chinese forces inside China. We have therefore brought Chinese fighting men out from China to the

supplies. Hundreds of Chinese student pilots have been flown out of China, brought to the United States, trained under lend-lease, and then sent back to China to fly lend-lease planes against the Japanese. Many of these Chinese fliers are now members of the Chinese-American wing of General Chennault's Fourteenth U. S. Army Air Force.

The survivors of the Chinese forces whom General Stilwell led into India after the loss of Burma in the spring of 1942 have been joined by many other Chinese soldiers flown out from China. Trained and equipped under lend-lease in India, they have formed several divisions and a tank corps and are now fighting their way back to China ahead of the new road that is being cut across upper Burma. With the aid of small numbers of veteran American and British troops, this campaign has resulted in the capture of the main Japanese base in upper Burma - Myitkina. The air route into China has already been made safer by this campaign and eventually a land route into China will be reestablished.

Among the lend-lease supplies that we have sent into China have been spare parts for the few thousand American trucks that reached China over the Burma road before April 1942. Many of these trucks have been converted to charcoal-burners and are being kept in operation by shipments of spare parts and tires. Some of them are being used to maintain the supply lines inside China to General Chennault's air bases.

It is because it has been impossible to get supplies in any volume into China that lend-lease shipments to China up to June 30, 1944, totaled only \$153,584,000, and that lend-lease consignments to General Stilwell for subsequent transfer to China totaled only \$227,000,000 additional.

Much the greater part of our lend-lease shipments to this theatre—over \$1,248,000,000—have gone to India, which is the major base for operations against the Japanese from the east that will eventually free China, just as our naval operations from the west in the Pacific are directed to the same end.

Once land and sea communications with China are restored, lend-lease supplies can be sent to China in the volume needed to finish quickly the war against Japan.

WESTERN HEMISPHERE

Lend-lease aid to the other American Republics has been exclusively military in character and given for the purpose of strengthening the southern defenses of the Western Hemisphere and the development and protection of vital military supply routes by air and water.

Lend-lease aid to the other American Republics from March 11, 1941, to June 30, 1944, had a dollar value of \$197,000,000. The value of all lend-lease supplies actually shipped to the other American Republics in this period of three years and three months was \$171,970,000. This was less than one percent of all lend-lease exports and considerably less than what the United States Government spends in a single day toward fighting and winning the war.

LEND-LEASE EXPORTS TO LATIN AMERICA *

Thousands of Dollars

Category	Mar. 1941- June 1942	July 1942- June 1943	July 1943- June 1944	Total
Ordnance and Ammunition.....	1,041	11,642	13,949	26,632
Aircraft and Parts.....	6,003	28,399	34,877	69,279
Tanks and Parts.....		17,783	12,148	29,931
Motor Vehicles and Parts.....	1,778	8,196	8,315	18,289
Watercraft.....		450	677	1,127
Total Munitions.....	8,822	66,470	69,966	145,258
Industrial Materials and Products.....	455	8,202	17,981	26,638
Agricultural Products.....		23	51	74
Total.....	9,277	74,695	87,998	171,970

*The 20 other American Republics.

Table 9

The security of the Panama Canal and of the southern half of our hemisphere against aggression has been made infinitely stronger than ever before through the full cooperation of all our neighbor republics except Argentina and at a cost in necessary assistance from us that is infinitesimal by comparison with the strategic value of this combined program to ourselves and to all the nations of this hemisphere.

Bases and Supply Routes

All the lend-lease supplies that we have shipped have consisted of military and naval equipment or materials for manufacture into war equipment. More than half of all lend-lease shipments to Central and South American countries have gone to Brazil. Natal in Brazil is the nearest point in the Western Hemisphere to Africa. It commands the South Atlantic approaches to the Caribbean and the Panama Canal. It is the jumping off point for the South Atlantic Trans-African Air Route over which most of our own Army and Navy planes, as well as lend-lease planes, have been ferried for the African and Mediterranean campaigns. It continues to be heavily used today, along with an additional ferry route that Portugal made possible by granting landing rights on the Azores.

Brazilian naval and air forces, as well as the naval and air forces of other American Republics, have participated fully in antisubmarine patrols and convoy duty in the Caribbean and South Atlantic. On both the Atlantic and Pacific, bases vital to the defenses of the Panama Canal have been made available to us. Brazil is also participating in the war overseas. Her first expeditionary force landed at Naples July 16th to take part in the Italian campaign.

The cooperative war program of the American Republics has also resulted in a great expansion of trade between the United States and our neighbors to the south. We have imported from Latin America tremendously increased quantities of strategic materials vital to the production of the planes, guns, tanks, and ships United Nations forces are using to win the war—copper, manganese, quartz crystals, tin,

rubber, rope fibers, and other materials. Since the Philippines and the Indies fell, virtually all the new supply of quinine which our soldiers need to fight off malaria has come from Latin America.

At the same time, our commercial exports to Latin America, for which we are paid in cash, have risen to 50 percent above pre-war levels, except to Argentina.

All the other American Republics receive lend-lease aid with the exception of Argentina and Panama. The defense needs of Panama are met by our own Panama Canal defenses.

SHIPMENTS TO OTHER AREAS

Lend-lease supplies valued at \$624,267,000 had been shipped as of June 30, 1944, to countries other than those discussed previously in this report. About two-thirds of the total went to Canada for transshipment to the United Kingdom or other United Nations, for further fabrication, or for use of United Nations forces training in Canada. No lend-lease aid is furnished to the Canadian Government by the United States. Canada has, however, purchased for cash in this country supplies needed for her war effort, using lend-lease procurement machinery for some of these purchases.

The balance of lend-lease exports, amounting to approximately \$175,000,000, has gone to widely scattered areas. Sorely needed munitions were rushed to Greece in the spring of 1941 when she was valiantly resisting the overwhelming Nazi forces. Subsequently we have sent limited quantities of foodstuffs to the starving people of Greece. Lend-lease has provided Red Cross food packages for Polish, Yugoslav, and other allied prisoners of war. Needed industrial equipment and materials have been shipped under lend-lease, although paid for in cash, to Curacao and Surinam, sources of bauxite ore for making aluminum, and of petroleum. Various outposts of the Fighting French and of other countries have been strengthened by lend-lease.

Chapter 3

REVERSE LEND-LEASE AID

The United States has never been bombed, it is far from the fighting fronts, and it has the greatest industrial capacity among the United Nations. The circumstances of our geographical position and our material strength have therefore called upon us to give most toward winning the war in production and in money, while our major fighting allies have been called upon to give more in lives, in destruction to their homelands and in the suffering of their people. The Russians have lost 5,300,000 soldiers dead, captured, or missing besides millions of civilians who have met death at the hands of the Nazis. Millions of Chinese soldiers and civilians have been killed by the Japanese. The armed forces of the United Kingdom alone, with a population one-third of ours, had already suffered almost 400,000 casualties by September 1943—a year ago. This figure does not include the casualties of Dominion, Indian, or Colonial forces. Many more thousands of British soldiers have laid down their lives for our common victory since then. By June 30, 1944, over 50,000 British civilians—men, women, and children—had been killed by Nazi bombs and this was before the robot bombs had done most of their damage. Since then the robot bombs destroyed or damaged an average of 700 houses every hour of the day and night in England. Others of our allies have suffered proportionately heavy losses in lives and property.

We have been able to produce more than our own forces could use effectively against the enemy. Our fighting allies, on the other hand, have generally required most or all of the war supplies that they could produce for their own fighting forces, in addition to all that we could send them. The greatest return we have received for the lend-lease supplies that we have sent is in the extra damage our allies have been able to do to our common enemies with the help of these supplies from us.

Nevertheless, by June 30, 1944, we had received in addition and without cost to us over \$3,000,000,000 of reverse lend-lease supplies and services from our allies. Most of this aid has been provided to American forces overseas by the British Commonwealth. Expenditures for reverse lend-lease aid by the United Kingdom, Australia, and New Zealand have been reported up to April 1, 1944. These expenditures for reverse lend-lease supplies and services provided to United States Army and Navy forces overseas and United States merchant shipping overseas in the three months between January 1 and April 1, 1944, amounted to \$483,500,000. Reports on reverse lend-lease aid furnished to American forces in India have not yet been received for the full first quarter of 1944, but partial figures available indicate that more than \$35,000,000 has been expended in India for reverse lend-lease aid for our forces during this period. This would make the total of reverse lend-lease aid received from the British Commonwealth for the first quarter of 1944 well in excess of \$500,000,000, or an annual rate of more than \$2,000,000,000.

The following table shows the expenditures for reverse lend-lease aid by the United Kingdom, Australia, and New Zealand in the first quarter of 1944 and cumulatively since June 1, 1942.

REVERSE LEND-LEASE AID

Furnished to U. S. Forces and Merchant Shipping Overseas

	Jan. 1-Apr. 1, 1944	Cumulative to Apr. 1, 1944
United Kingdom.....	\$370,760,000	\$1,934,400,000
Australia.....	95,258,000	457,623,000
New Zealand.....	17,482,000	109,368,000
TOTAL.....	483,500,000	2,501,391,000

¹ Figures for Jan. 1-Apr. 1, 1944, are preliminary.

Table 10

In addition to the \$2,501,391,000 reverse lend-lease aid received by the United States from the United Kingdom, Australia, and New Zealand, reverse lend-lease aid to our forces in India already had totalled more than \$100,000,000 by January 1, 1944.

These figures include only reverse lend-lease aid furnished to our forces and to our shipping overseas. They do not include strategic raw materials, commodities,¹ and foodstuffs furnished by the British under reverse lend-lease without cost to us for shipment to the United States.

Under arrangements made in accordance with the agreement announced last November, strategic raw materials and commodities governmentally procured in the United Kingdom and the British Colonial Empire are provided to us as reverse lend-lease. These supplies include crude rubber and tea from Ceylon, cocoa, palm kernels and palm oil, rope fibers, chrome, and asbestos from British Africa, copra from the British Islands of the Pacific and many other commodities needed for the United States war effort. In addition, we are also receiving mica, burlap, jute, and other strategic commodities on reverse lend-lease terms from India.

The volume of reverse lend-lease supplies and services provided to our forces overseas under reverse lend-lease has continued to rise. In the United Kingdom, for example, the figure for the third quarter of 1943 (exclusive of construction and supplies and services provided outside the United Kingdom) was \$120,000,000. In the fourth quarter of 1943 it was \$224,000,000. In the first quarter of 1944 it was \$260,000,000.

In the first quarter of 1944 the expenditures reported by Australia and New Zealand for reverse lend-lease aid to our forces were more than the value of our lend-lease shipments to these two countries in the same period.

¹ Except benzol.

United Kingdom

The following table shows the expenditures reported by the United Kingdom for her reverse lend-lease aid to the United States forces and shipping overseas cumulatively to the end of 1943 and to April 1, 1944.

REVERSE LEND-LEASE AID BY UNITED KINGDOM

	Cumulative to Dec. 31, 1943	Cumulative to Apr. 1, 1944
Goods and services transferred in United Kingdom	\$572,260,000	\$777,790,000
Shipping services	274,040,000	330,460,000
Airports, barracks, hospitals and other construction	556,140,000	624,650,000
Goods and services transferred out- side the United Kingdom	161,200,000	201,500,000
TOTAL	¹ 1,563,640,000	² 1,934,400,000

¹ Revised.

² Figures for Jan. 1-Apr. 1, 1944, are preliminary.

(Conversion from pound sterling at \$4.03.)

Table 11

Reverse lend-lease supplies and services from the British, like our lend-lease aid to the British, played a vital role in preparing for the operations for the liberation of Europe. One of the biggest last-minute rush jobs done for us by the British was the waterproofing of many hundreds of our wading tanks, as well as trucks and other mechanized equipment so they would reach the invasion beaches in fighting condition after plowing through the surf.

The job was done for allied mechanized equipment, United States and British alike, by British industry. In order to get it done in time the entire output of Britain's sheet steel rolling industry was taken for three months. To move the finished waterproofing sets from the factories to the hundreds of ordnance depots in the British Isles a great fleet of trucks was kept operating day and night. The waterproofing sets were assembled and installed by British engineers. General Eisen-

hower's headquarters has reported that the quantities of sheet steel used for this pre-invasion job would have been enough for a bridge 150 feet wide across the English Channel from Dover to Calais. The great majority of American wading tanks, as well as British tanks, armored cars, supply trucks, and scout vehicles used in the landings were fitted with this waterproofing equipment.

The waterproofing equipment furnished under reverse lend-lease was only one of many thousands of other categories of supplies and services provided out of British stocks or by British facilities to the American forces taking part in the liberation of Europe. These are a few examples of the scope of this aid:

All rail transportation to the invasion ports; the costs of transporting many U. S. troops on British ships, including the world's two largest liners—the *Queen Elizabeth* and *Queen Mary*; 1,100 Spitfires and other British-made planes; more than 100 airfields and other construction for our forces which cost the British \$624,650,000 up to April 1; fresh vegetables and other British-produced foodstuffs that took care of 20 percent of our soldiers' rations; tens of thousands of easily-jettisoned light-weight gas tanks for our P-47 Thunderbolt fighters on long-range missions to the heart of Germany; more than 25,000 miles of steel landing mats; 2,000,000 pairs of wool socks; thousands of parachutes; quantities of howitzers, anti-aircraft and anti-tank equipment; all heat, light, and water bills at our bases and barracks.

So wide is the scope of the reverse lend-lease aid we receive from the British that a U. S. naval base in Britain has been operated for a full 12 months without making a single cash payment.

We have also benefited greatly from British engineering and research in new weapons. No money valuation is put on this type of aid, but it is freely made available to us. For example, rockets based on a British design are now being used by American forces against the Japanese in the Pacific; a British-developed radio set has been widely used in American

tanks built for Britain and Russia; and the jet-propulsion plane uses an engine based on the Whittle design developed in Britain.

Australia

The following table shows the expenditures reported by Australia for her reverse lend-lease aid to United States forces in that area, cumulatively to the end of 1943 and to April 1, 1944.

REVERSE LEND-LEASE AID FROM AUSTRALIA

	Cumulative to Dec. 31, 1943	Cumulative to Apr. 1, 1944
Stores and provisions.....	\$95,121,000	\$120,348,000
Technical equipment.....	8,229,000	10,137,000
Motor transport.....	31,479,000	40,805,000
Aircraft stores and equipment.....	35,442,000	50,545,000
General stores.....	43,371,000	54,270,000
Transportation and communication..	28,926,000	34,190,000
Shipping.....	23,280,000	31,652,000
Works, buildings, and hirings.....	92,990,000	108,224,000
Miscellaneous.....	3,526,000	7,452,000
TOTAL.....	362,364,000	¹457,623,000

¹Figures for Jan. 1-Apr. 1, 1944, are preliminary.
(Conversion from Australian pound at \$3.23.)

Table 12

Australia is providing tremendously increased quantities of food to United States forces in the Pacific as reverse lend-lease. In the first three months of 1944 alone our forces in the Pacific theatres received from Australia more than 380,000,000 pounds of food, an annual rate of a billion and a half pounds. In the entire period up to January 1 of this year the total was 500,000,000 pounds. Our men have received from Australia more than 150,000,000 pounds of beef,

veal, lamb, mutton, pork and canned meats; 19,500,000 quarts of fresh milk; 38,800,000 dozens of fresh eggs; and more than 15,000,000 pounds of butter. Transfers of food to April 1, 1944, in pounds, included the following:

Beef and veal.....	69,440,000
Lamb and mutton.....	13,440,000
Pork.....	35,840,000
Canned meats.....	36,960,000
Miscellaneous meats.....	4,928,000
Bread, biscuits and cereals (including flour).....	222,880,000
Potatoes.....	73,920,000
Fruits and vegetables, fresh.....	87,360,000
Fruits and vegetables, canned.....	101,920,000
Fruits and vegetables, dehydrated and dried.....	23,744,000
Butter, fresh.....	15,232,000
Butter substitutes.....	9,408,000
Sugar.....	49,728,000
Milk, condensed and evaporated.....	39,648,000
Milk, fresh (19,500,000 quarts).....	41,925,000
Eggs, fresh (38,800,000 doz.).....	58,200,000
TOTAL.....	884,573,000

New Zealand

Foodstuffs constituted more than one-third of the reverse lend-lease aid provided to United States forces by New Zealand. The cumulative totals through March 31, 1944, as compared with the totals to January 1, 1944, are shown in the following table.

REVERSE LEND-LEASE AID FROM NEW ZEALAND

	Cumulative to Dec. 31, 1943	Cumulative to Apr. 1, 1944
Foodstuffs.....	\$29,500,000	\$39,704,000
Equipment and supplies.....	13,367,000	16,317,000
Repairs and services.....	13,955,000	18,277,000
Camps.....	6,737,000	6,738,000
Warehouses.....	6,604,000	6,606,000
Hospitals.....	6,903,000	6,904,000
Miscellaneous building projects.....	4,320,000	8,322,000
Ship construction.....	6,500,000	6,500,000
TOTAL.....	91,886,000	109,368,000

¹ Figures for Jan. 1-Apr. 1, 1944, are preliminary.
(Conversion from New Zealand pound at \$3.25.)

Table 13

United States forces in the South and Southwest Pacific received 456,939,150 pounds of foodstuffs valued at \$39,704,000 from the Government of New Zealand without cost, as reverse lend-lease up to April 1, 1944.

The transfers, in pounds, included the following:

Beef and veal.....	63,380,000
Lamb and mutton.....	31,910,000
Pork.....	18,270,000
Bacon and ham.....	26,380,000
Meat, canned.....	42,000,820
Other fresh and processed meat.....	11,160,000
Butter.....	24,550,000
Cheese.....	7,460,000
Milk and cream.....	14,667,000
Milk, evaporated.....	16,120,000
Other dairy products.....	8,000,560
Potatoes.....	43,000,000
Other fresh vegetables.....	43,560,000
Vegetables, canned.....	13,820,000

Apples, fresh.....	15,130,000
Sugar.....	36,530,000
Other foodstuffs.....	41,000,770

TOTAL..... 456,939,150

Over 90 percent of all the food consumed by the American forces in the South and Southwest Pacific is provided by Australia and New Zealand without cost, under reverse lend-lease. Because of this, hundreds of thousands of tons of shipping space have been saved for the transport of munitions and other war matériel from the United States to the Pacific war theatre and it has been possible to allocate more of our own food supply to American civilians.

REVERSE LEND-LEASE FROM OTHER COUNTRIES

Soviet Union

The Soviet Union, which fought until this summer on her own soil, has needed virtually all she could produce for her own forces. Moreover, until this year no United States forces were stationed on Soviet territory and the occasion for reverse lend-lease aid did not arise, except in connection with supplies, repairs, and other services provided as reverse lend-lease for United States merchant ships in Soviet ports. With the establishment of the shuttle-bombing bases in Russia, the Soviet Union has provided our Air Forces, as reverse lend-lease aid without cost to us, with much of the equipment, supplies, and services needed for these bases. This aid has included many of the materials and most of the labor used in building the bases, part of the equipment, much of the food for our Air Force crews and mechanics, and many other operational supplies and services.

China

China has been fighting the Japanese on her own soil for seven years. She has needed more aid than we have up to

now been able to send her by the single air route that connects her with the outside world. Nevertheless the Chinese people have rendered heroic and effective aid to our forces in China, although technically this help is not classified as reverse lend-lease.

The bases in China from which our B-29 Super Fortresses take off to raid Japan were built by 400,000 Chinese laborers, working with their bare hands. There was virtually no equipment in China for building these bases, nor could it be brought in from outside by air. The airfields were built by hand-labor. The Chinese hauled by hand 160,000 tons of rock and sand to build the runways needed for the planes, crushed the rock by hand and laid it stone by stone, then smoothed the surface by hand-hauled stone rollers. They built so effectively that within three months of the time construction started, the first of the B-29's was able to land in China.

The many bases used by General Chennault's Fourteenth Air Force in China were built in the same fashion. And the success of the operations of our Air Force in China depends in large part on China's grapevine air-raid warning system on the approach of Japanese planes. This system extends by underground connections into the Japanese-occupied areas of China. In spite of the lack of modern communication equipment, it is one of the fastest and most efficient in the world.

France

The French are providing many supplies and services to United States forces in the Mediterranean theatre as reverse lend-lease, including thousands of tons of grains, fresh fruits and vegetables, and other foodstuffs produced in French Africa. The estimated dollar value of this reverse lend-lease aid to us was already \$30,000,000 by the first of this year. Later figures are not yet available.

Chapter 4

STATISTICAL TABLES AND CHARTS AMOUNTS OF LEND-LEASE AID AUTHORIZED

The amount of lend-lease aid that may be provided under the various acts is summarized as follows:

I. Lend-Lease Appropriations to the President

First Lend-Lease Appropriation.....	\$7,000,000,000
Second Lend-Lease Appropriation.....	5,985,000,000
Third Lend-Lease Appropriation.....	5,425,000,000
Fourth Lend-Lease Appropriation.....	6,273,629,000
Fifth Lend-Lease Appropriation.....	3,538,869,000
Total.....	28,222,498,000

II. Transfers Authorized From Other Appropriations

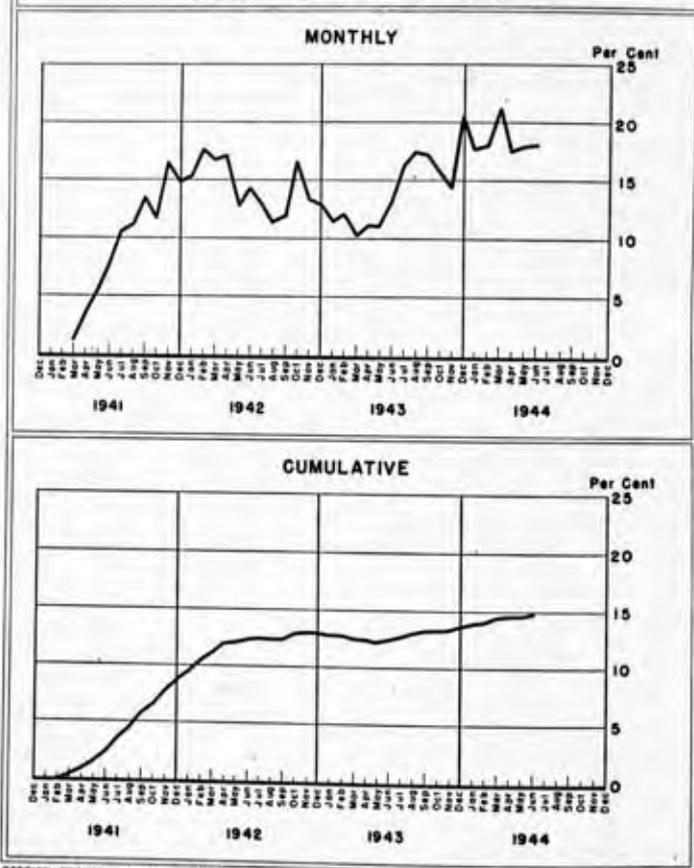
Direct appropriations have been made to the War and Navy Departments and to the Maritime Commission for the procurement of items which are in the main common to the uses of our own armed forces and those of our allies. These items when produced can be used, in other words, by our own armed forces or those of our allies in the manner in which they can be most effective in defeating our common enemies. It is not until they are ready for distribution that they are allocated by the military experts in accordance with the strategic needs. The Appropriation Acts in question authorize transfers to our allies up to stated amounts under the Lend-Lease Act. That does not mean that transfers up to the stated amounts have to or will necessarily be made. All that it means is that there is sufficient flexibility for the military experts to assign the supplies where they will do the most good in winning the war.

War Department:	
Third Supplemental, 1942.....	\$2,000,000,000
Fourth Supplemental, 1942.....	4,000,000,000
Fifth Supplemental, 1942.....	11,250,000,000
Sixth Supplemental, 1942.....	2,220,000,000
Military Appropriation Act, 1943.....	12,700,000,000
Navy Department—Second Supplemental, 1943.....	3,000,000,000
Departments other than War—Third Supplemental, 1942..	800,000,000
Total.....	35,970,000,000

Note: In addition to the foregoing, Congress has with certain limitations authorized the leasing of ships of the Navy and merchant ships constructed with funds appropriated to the Maritime Commission without any numerical limitation as to the dollar value or the number of such ships which may be so leased. (See for example, Public Law 1, 78th Congress, approved February 19, 1943, and Public Law 11, 78th Congress, approved March 18, 1943.)

Table 14

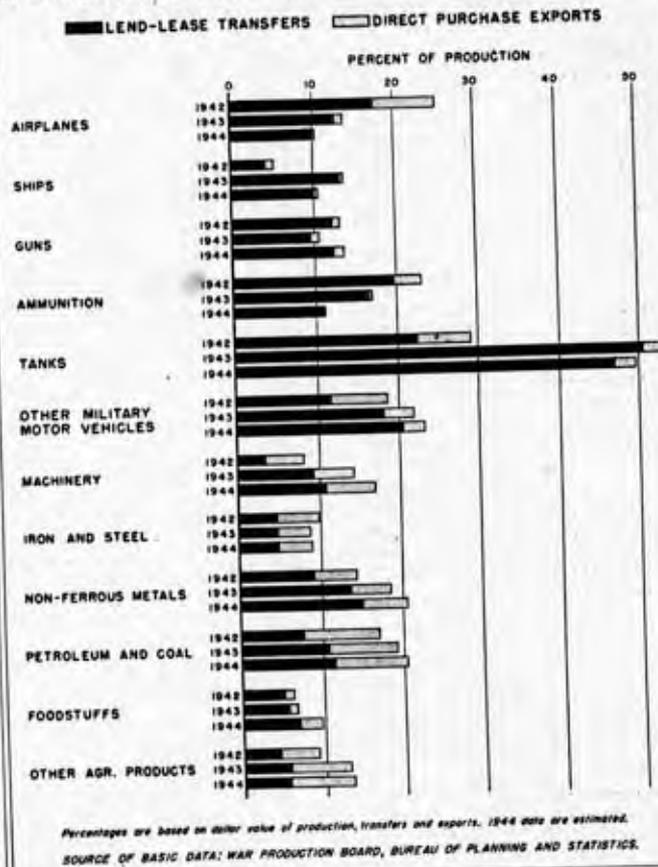
LEND-LEASE AID IN % OF TOTAL WAR EXPENDITURES



FOREIGN ECONOMIC ADMINISTRATION

Chart 9

INTERNATIONAL AID IN % OF TOTAL U.S. PRODUCTION



FOREIGN ECONOMIC ADMINISTRATION

Chart 10

LEND-LEASE AID

Millions of Dollars

	Monthly			Cumulative		
	Goods	Services	Total	Goods	Services	Total
Mar 1941.....	6	4	10	6	4	10
Apr.....	20	8	28	26	12	38
May.....	35	10	45	61	22	83
Jun.....	41	22	63	102	44	146
Jul.....	73	28	101	175	72	247
Aug.....	95	31	126	270	103	373
Sep.....	144	37	181	414	140	554
Oct.....	131	50	181	545	190	735
Nov.....	165	70	235	710	260	970
Dec.....	200	74	274	910	334	1,244
Jan 1942.....	220	102	322	1,130	436	1,566
Feb.....	260	128	388	1,390	564	1,954
Mar.....	362	106	468	1,752	670	2,422
Apr.....	455	99	554	2,207	769	2,976
May.....	394	55	449	2,601	824	3,425
Jun.....	459	89	548	3,060	913	3,973
Jul.....	504	91	595	3,564	1,004	4,568
Aug.....	446	114	560	4,010	1,118	5,128
Sep.....	544	99	643	4,554	1,217	5,771
Oct.....	680	235	915	5,234	1,452	6,686
Nov.....	620	190	810	5,854	1,642	7,496
Dec.....	694	63	757	6,548	1,705	8,253
Jan 1943.....	627	55	682	7,175	1,760	8,935
Feb.....	656	41	697	7,831	1,801	9,632
Mar.....	663	24	687	8,494	1,825	10,319
Apr.....	720	63	783	9,214	1,888	11,102
May.....	716	74	790	9,930	1,962	11,892
Jun.....	954	77	1,031	10,884	2,039	12,923
Jul.....	1,018	32	1,050	11,902	2,071	13,973
Aug.....	1,114	148	1,262	13,016	2,219	15,235
Sep.....	1,121	76	1,197	14,137	2,295	16,432
Oct.....	1,028	73	1,101	15,165	2,368	17,533
Nov.....	971	105	1,076	16,136	2,473	18,609
Dec.....	1,300	77	1,377	17,436	2,550	19,986
Jan 1944.....	1,214	45	1,259	18,650	2,595	21,245
Feb.....	1,124	226	1,350	19,774	2,821	22,595
Mar.....	1,406	224	1,630	21,180	3,045	24,225
Apr.....	1,266	18	1,284	22,446	3,063	25,509
May.....	1,161	238	1,399	23,607	3,301	26,908
Jun.....	1,212	150	1,362	24,819	3,451	28,270

Table 15

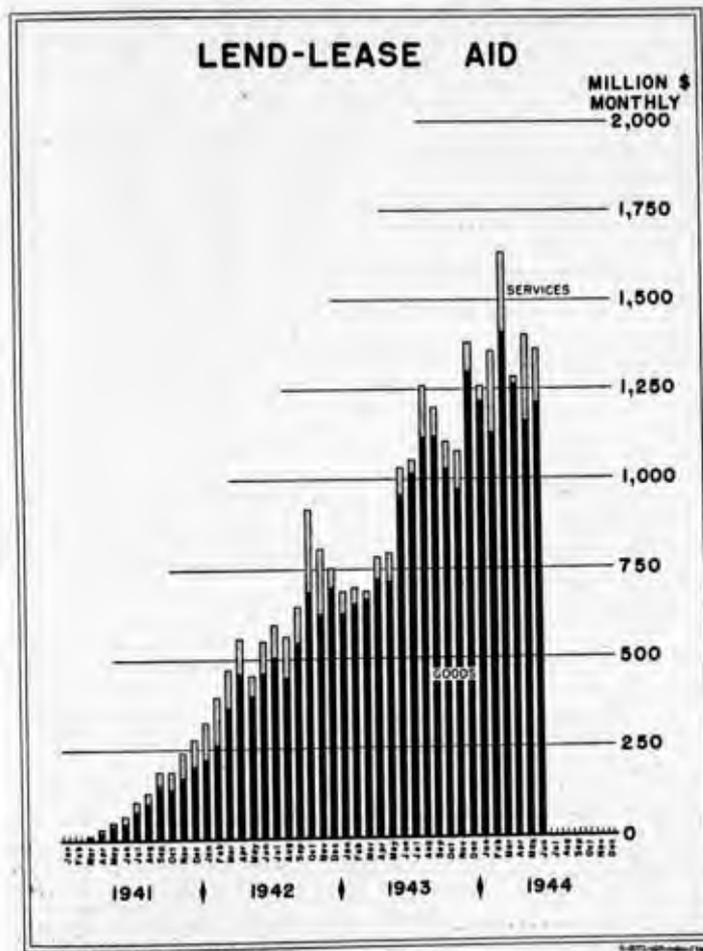


Chart 11

BREAK-DOWN OF LEND-LEASE AID

Category	Mar. 1941- June 1942	July 1942- June 1943	July 1943- June 1944	Total
	Percent	Percent	Percent	Percent
Munitions (Including Ships).....	33.7	54.3	58.4	53.6
Industrial Materials & Products.....	22.1	21.7	20.9	21.3
Agricultural Products.....	21.2	11.5	11.5	12.9
Services.....	23.0	12.5	9.2	12.2
Total.....	100.0	100.0	100.0	100.0

Table 16

GOODS CONSIGNED TO U. S. COMMANDING GENERALS, IN THE FIELD, FOR SUBSEQUENT TRANSFER UNDER LEND-LEASE TO FOREIGN GOVERNMENTS AS OF JUNE 30, 1944

Thousands of Dollars

Category	French Forces in North and West Africa	China	Other Countries	Total
Ordnance and Ammunition..	74,329	140,946	8,534	223,809
Aircraft and Parts.....	56,209	101	56,310
Tanks and Other Vehicles....	196,534	63,482	3,318	263,334
Miscellaneous Supplies.....	93,297	22,574	18,917	134,788
Total.....	420,369	227,002	30,870	678,241

Table 17

LEND-LEASE GOODS TRANSFERRED AND SERVICES RENDERED QUARTERLY TOTALS

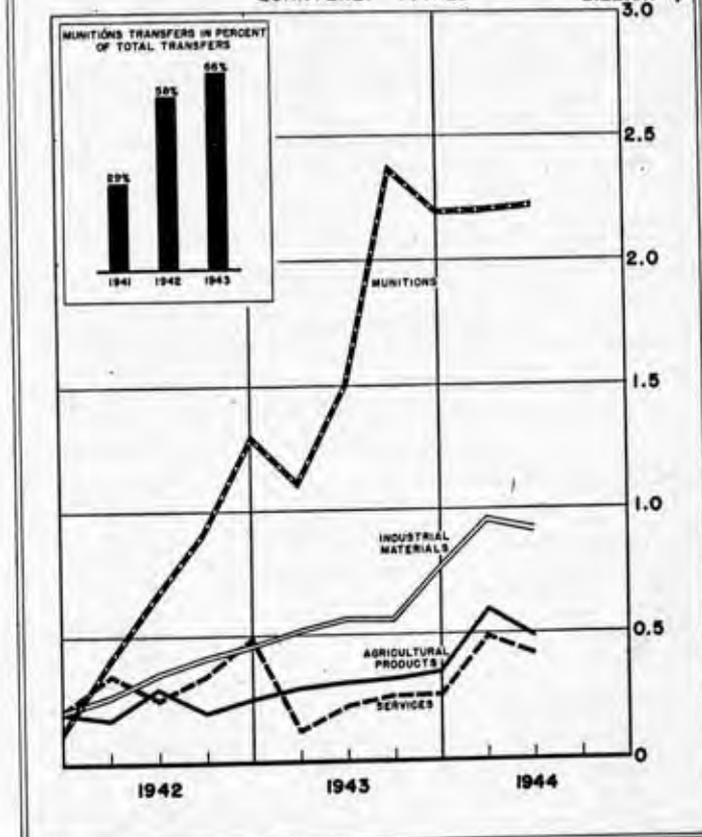


Chart 12

LEND-LEASE EXPORTS TO ALL COUNTRIES

Thousands of Dollars

Country	Mar. 1941- June 1942	July 1942- June 1943	July 1943- June 1944	Total
United Kingdom.....	1,404,241	3,058,785	4,858,523	9,321,549
U. S. S. R.....	511,115	1,931,077	3,489,752	5,931,944
Africa, Middle East & Mediterranean Area..	288,344	1,139,590	1,642,895	3,070,829
China and India.....	174,151	430,582	797,693	1,402,426
Australia and New Zealand.....	101,563	428,624	481,698	1,011,885
Latin America.....	9,277	74,695	87,998	171,970
Other Countries.....	86,296	250,476	287,495	624,267
Total.....	2,574,987	7,313,829	11,646,054	21,534,870

Percentage Distribution

Country	Mar. 1941- June 1942	July 1942- June 1943	July 1943- June 1944	Total
United Kingdom.....	54.5	41.8	41.7	43.3
U. S. S. R.....	19.8	26.4	30.0	27.5
Africa, Middle East & Mediterranean Area	11.2	15.6	14.1	14.3
China and India.....	6.8	5.9	6.8	6.5
Australia and New Zealand.....	3.9	5.9	4.1	4.7
Latin America.....	0.4	1.0	0.8	0.8
Other Countries.....	3.4	3.4	2.5	2.9
Total.....	100.0	100.0	100.0	100.0

Table 18

LEND-LEASE EXPORTS—MONTHLY

Millions of Dollars

	United Kingdom	U. S. S. R.	Africa, Middle East, and Mediterranean Area	China, India, Australia, and New Zealand	Other Countries	Total
Mar 1941.....					1	1
Apr.....	1				4	5
May.....	9		5	1	1	16
Jun.....	26		6	1	2	35
Jul.....	49		19	1	3	72
Aug.....	46		14	5	2	67
Sep.....	74		7	2	3	86
Oct.....	142		12	12	1	167
Nov.....	107		10	18	2	137
Dec.....	119	1	23	12		155
Jan 1942.....	105	15	24	18	13	175
Feb.....	79	55	26	22	12	194
Mar.....	149	97	25	47	11	329
Apr.....	144	164	45	55	17	425
May.....	144	70	37	47	8	306
Jun.....	210	110	35	36	14	405
Jul.....	175	103	66	59	21	424
Aug.....	152	150	58	56	18	434
Sep.....	214	102	71	67	18	472
Oct.....	223	128	98	82	31	562
Nov.....	203	191	95	54	18	561
Dec.....	207	166	112	97	25	607
Jan 1943.....	178	167	94	75	21	535
Feb.....	222	185	45	49	27	528
Mar.....	310	211	133	67	56	777
Apr.....	352	210	117	67	29	775
May.....	400	177	151	83	37	848
Jun.....	424	140	100	101	25	790
Jul.....	401	232	221	146	32	1,032
Aug.....	371	313	164	113	25	986
Sep.....	398	303	190	81	32	1,004
Oct.....	364	263	165	128	32	952
Nov.....	271	344	121	88	33	857
Dec.....	383	382	107	116	34	1,022
Jan 1944.....	341	313	113	92	32	891
Feb.....	411	233	122	77	35	878
Mar.....	436	261	90	89	37	913
Apr.....	447	249	128	90	28	942
May.....	560	316	131	130	22	1,159
Jun.....	474	281	91	131	34	1,011
TOTAL EX- PORTS.....	9,321	5,932	3,071	2,415	796	21,535

Table 19

LEND-LEASE EXPORTS

March 1941 through June 30, 1944

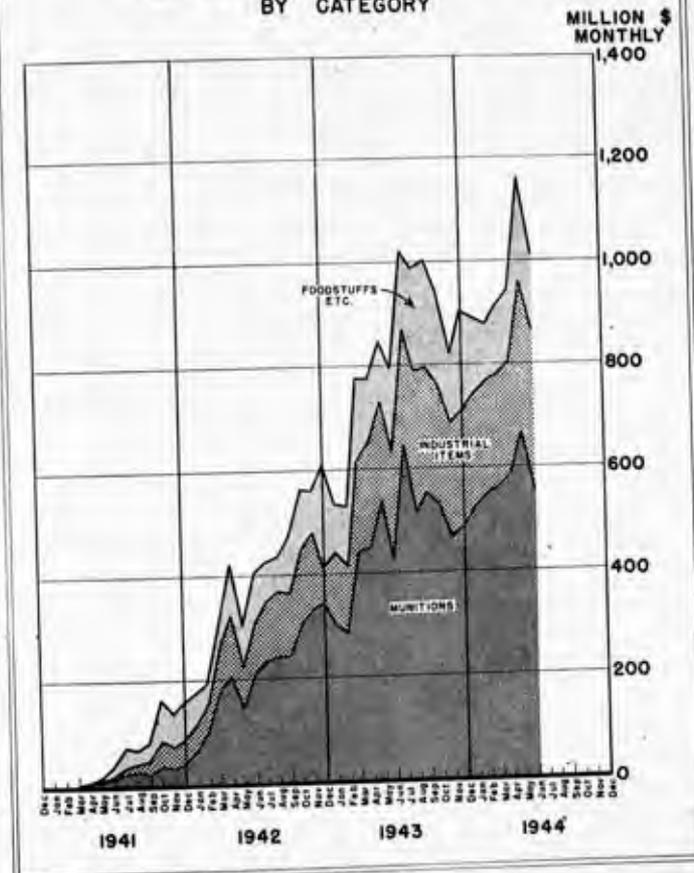
Millions of Dollars

Category	United Kingdom	U. S. S. R.	Africa, Middle East, and Mediterranean Area	China, India, Australia, and New Zealand	Other Countries	Total
MUNITIONS						
Ordnance.....	471	279	273	154	79	1,256
Ammunition.....	975	435	351	211	72	2,044
Aircraft and Parts.....	1,507	1,181	690	606	390	4,374
Tanks and Parts.....	764	318	529	161	44	1,816
Motor Vehicles and Parts.....	481	817	397	352	66	2,113
Watercraft.....	211	147	45	36	22	461
Total Munitions.....	4,409	3,177	2,285	1,520	673	12,064
INDUSTRIAL MATERIALS AND PRODUCTS						
Machinery.....	458	673	131	192	28	1,482
Metals.....	664	596	171	226	27	1,684
Petroleum Products.....	732	42	65	162	8	1,009
Other.....	429	418	223	178	33	1,281
Total Industrial.....	2,283	1,729	590	758	96	5,456
AGRICULTURAL PRODUCTS						
Foodstuffs.....	2,144	915	181	105	23	3,368
Other Agric. Products.....	485	111	15	32	4	647
Total Agric. Products.....	2,629	1,026	196	137	27	4,015
TOTAL EXPORTS.....	9,321	5,932	3,071	2,415	796	21,535

Table 20

LEND-LEASE EXPORTS

BY CATEGORY



FOREIGN ECONOMIC ADMINISTRATION

Chart 13

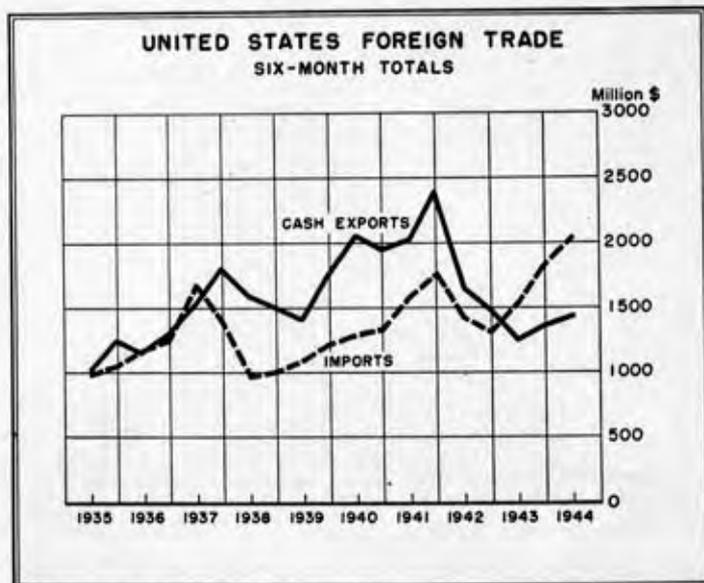
TRANSFERS OF WATERCRAFT UNDER LEND-LEASE

As of June 30, 1944

Thousands of Dollars

Type of Ship	United Kingdom	U. S. S. R.	Other Countries	Total
Combatant.....	87,062	6,954	11,918	105,934
Naval Auxiliary and Small Craft.....	1,522,965	49,967	84,895	1,657,827
Merchant.....	693,899	113,438	70,678	878,015
Total.....	2,303,926	170,359	167,491	2,641,776

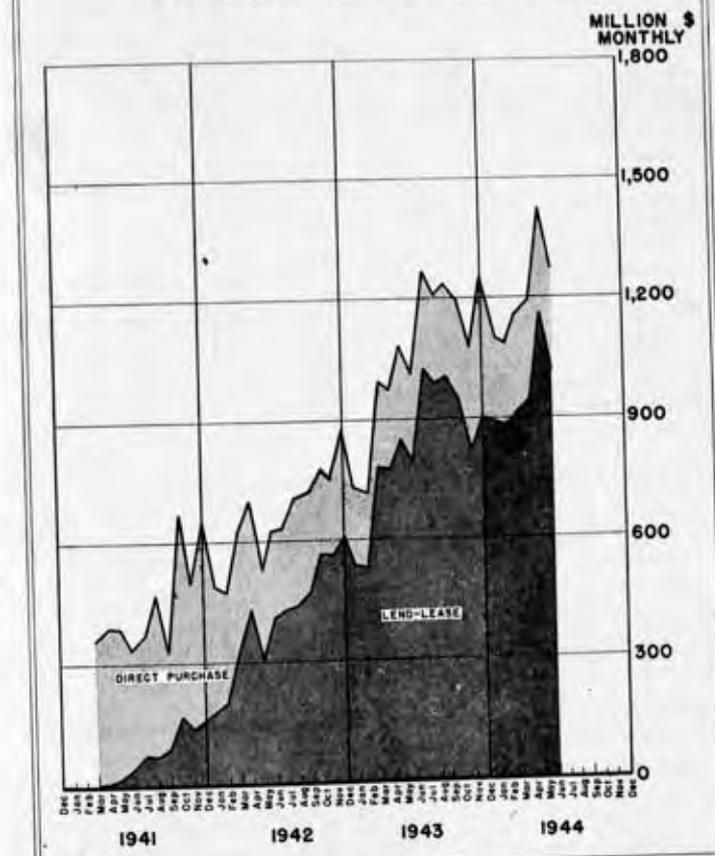
Table 21



FOREIGN ECONOMIC ADMINISTRATION

Chart 14

EXPORTS FROM THE U.S.



FOREIGN ECONOMIC ADMINISTRATION

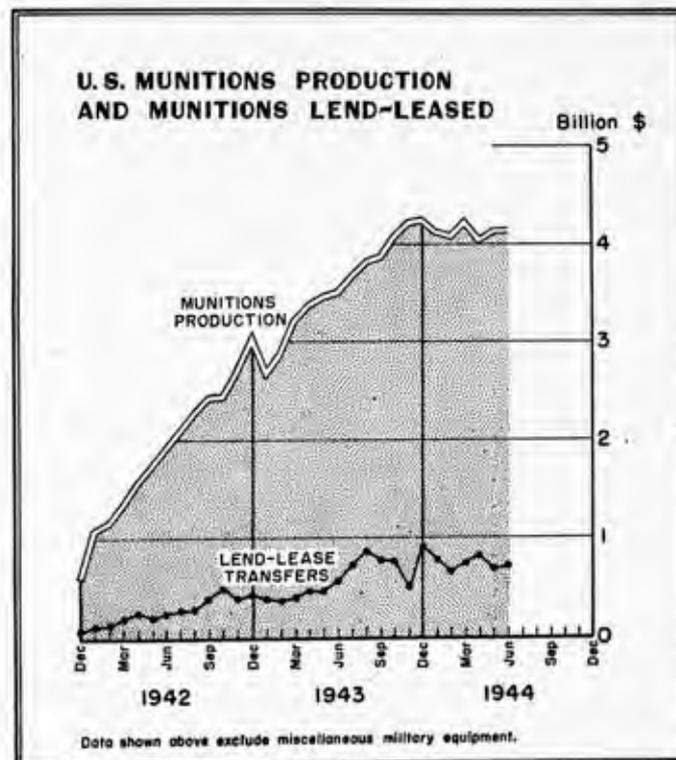
Chart 15

LEND-LEASE FOOD SHIPMENTS IN RELATION TO SUPPLY AND TO U. S. CIVILIAN POPULATION

Commodity	Exports in Percent of Supply		Exports in Ounces per Week per United States Civilian	
	Year 1943	Jan.-June 1944	Year 1943	Jan.-June 1944
All Meats (Dressed Weight Basis).....	9.3	8.2	5.7	5.6
Beef and Veal.....	1.7	1.0	0.4	0.3
Lamb and Mutton.....	11.2	11.3	0.3	0.3
Pork.....	14.6	12.8	5.0	5.0
All Milk Products (Fluid Milk Equiv.).....	3.8	3.2	11.4	9.9
Dry Whole Milk.....	14.4	14.2	0.05	0.05
Dry Skim Milk.....	40.9	23.7	0.6	0.3
Condensed and Evaporated Milk.....	13.0	11.5	1.3	1.1
Butter*.....	4.1	1.8	0.2	0.1
Cheese.....	14.3	19.2	0.4	0.6
Eggs, Dried (Shell Egg Equiv.).....	12.4	12.9	2.4	2.6
Edible Fats and Oils.....	16.6	13.3	2.9	2.3
Canned Fish.....	26.5	9.8	0.6	0.2
Fruits:				
Canned Fruits and Juices.....	7.4	7.9	0.8	1.0
Dried Fruits.....	19.2	26.8	0.7	0.9
Vegetables:				
Canned Vegetables.....	1.5	3.9	0.3	0.7
Dried Beans.....	11.3	9.8	0.8	0.7
Dried Peas.....	9.4	14.8	0.3	0.4
Corn and Corn Products (Grain Equiv.).....	0.1	0.1	1.1	0.6
Wheat and Wheat Products (Grain Equiv.).....	0.9	1.1	2.7	3.0

*Includes Carter's Spread (butter content).

Table 22



FOREIGN ECONOMIC ADMINISTRATION

Chart 16

STATUS OF NATIONS
Lend-Lease Countries and United Nations

Country	Declared Eligible for Lend-Lease Aid	Lend-Lease Agreement Signed	Reciprocal Aid Agreement Signed	United Nations Declaration Signed	Earliest Date of Existence of State of War With Any Axis Power	Earliest Date of Severance of Diplomatic Relations With Any Axis Power
Argentina	May 6, 1941					Jan. 26, 1944
Australia	Nov. 11, 1941		Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	
Belgium	June 13, 1941	June 16, 1942	Jan. 30, 1943	Jan. 1, 1942	May 9, 1940	
Bolivia	May 6, 1941	Dec. 6, 1941		Apr. 27, 1943	Apr. 7, 1943	Jan. 28, 1942
Brazil	May 6, 1941	Mar. 3, 1942		Feb. 6, 1943	Aug. 22, 1942	Jan. 28, 1942
Canada	Nov. 11, 1941			Jan. 1, 1942	Sept. 10, 1939	
Chile	May 6, 1941	Mar. 2, 1943				Jan. 20, 1943
China	May 6, 1941	June 2, 1942		Jan. 1, 1942	Dec. 9, 1941	
Colombia	May 6, 1941	Mar. 17, 1942		Jan. 17, 1944	Nov. 27, 1943 ²	Dec. 8, 1941
Costa Rica	May 6, 1941	Jan. 16, 1942		Jan. 1, 1942	Dec. 8, 1941	
Cuba	May 6, 1941	Nov. 7, 1941		Jan. 1, 1942	Dec. 9, 1941	
Czechoslovakia	Jan. 5, 1942	July 11, 1942		Jan. 1, 1942	Dec. 9, 1941	
Dominican Republic	May 6, 1941	Aug. 2, 1941		Jan. 1, 1942	Dec. 8, 1941	
Ecuador	May 6, 1941	Apr. 6, 1942				Jan. 29, 1942
Egypt	Nov. 11, 1941					Sept. 3, 1939
El Salvador	May 6, 1941	Feb. 2, 1942		Jan. 1, 1942	Dec. 8, 1941	
Ethiopia	Dec. 7, 1942	Aug. 9, 1943		July 28, 1942	Dec. 1, 1942	
French Committee of National Liberation ³	Nov. 11, 1941		Sept. 3, 1942		Sept. 3, 1939	
Greece	Nov. 13, 1942	Sept. 25, 1943	Sept. 25, 1943			
Guatemala	Mar. 11, 1941	July 10, 1942		Jan. 1, 1942	Oct. 28, 1940	
Haiti	May 6, 1941	Nov. 16, 1942		Jan. 1, 1942	Dec. 8, 1941	
Honduras	May 6, 1941	Sept. 16, 1941		Jan. 1, 1942	Dec. 8, 1941	
Iceland	May 6, 1941	Feb. 28, 1942		Jan. 1, 1942	Dec. 8, 1941	
	July 1, 1941	Nov. 21, 1941				

India	Nov. 11, 1941			Jan. 1, 1942	Sept. 3, 1939	
Iran	Mar. 10, 1942			Sept. 9, 1943	Sept. 9, 1943	Sept. 8, 1941
Iraq	May 1, 1942			Jan. 16, 1943	Jan. 16, 1943	June 7, 1941
Liberia	Mar. 10, 1942	June 8, 1943	Apr. 10, 1944	Apr. 10, 1944	Jan. 27, 1944	Oct. 2, 1942
Luxembourg				Jan. 1, 1942	May 10, 1940	
Mexico	May 6, 1941	Mar. 18, 1943		June 5, 1942	May 22, 1942	Dec. 19, 1941
Netherlands	Aug. 21, 1941	July 8, 1942	June 14, 1943	Jan. 1, 1942	May 10, 1940	
New Zealand	Nov. 11, 1941		Sept. 3, 1942	Jan. 1, 1942	Sept. 3, 1939	
Nicaragua	May 6, 1941	Oct. 16, 1941		Jan. 1, 1942	Dec. 8, 1941	
Norway	June 4, 1941	July 11, 1942		Jan. 1, 1942	Apr. 9, 1940	
Panama	May 6, 1941			Jan. 1, 1942	Dec. 7, 1941	
Paraguay	May 6, 1941	Sept. 20, 1941				Jan. 28, 1942
Peru	May 6, 1941	Mar. 11, 1942				Jan. 24, 1942
Philippines				June 10, 1942		
Poland	Aug. 28, 1941	July 1, 1942		Jan. 1, 1942	Sept. 1, 1939	Date uncertain.
Saudi Arabia	Feb. 18, 1943					
South Africa	Nov. 11, 1941			Jan. 1, 1942	Sept. 6, 1939	Aug. 2, 1944
Turkey	Nov. 7, 1941			Jan. 1, 1942	Sept. 3, 1939	
United Kingdom	Mar. 11, 1941	Feb. 23, 1942	Sept. 3, 1942	Jan. 1, 1942	Dec. 7, 1941	
United States				Jan. 1, 1942	June 22, 1941	
U. S. S. R.	Nov. 7, 1941	June 11, 1942				Jan. 25, 1942
Uruguay	May 6, 1941	Jan. 13, 1942				Dec. 31, 1941
Venezuela	May 6, 1941	Mar. 18, 1942				
Yugoslavia	Nov. 11, 1941	July 24, 1942		Jan. 1, 1942	Apr. 6, 1941	

¹ No Master Lend-Lease Agreement has been concluded with either Australia or New Zealand; but in the Reciprocal Aid Agreements entered into with these countries, they accepted the principles of the Lend-Lease Agreement with the United Kingdom as applicable to their lend-lease relations with the United States.

² Colombia declared a state of belligerency.

³ Territory under the jurisdiction of the French National Committee was declared eligible to receive lend-lease aid on November 11, 1941, and a reciprocal aid agreement was entered into with the Committee on September 3, 1942. French North and West Africa were declared eligible to receive lend-lease aid on November 13, 1942. On September 25, 1943, a Lend-Lease Modus Vivendi Agreement governing lend-lease aid and reciprocal aid was entered into with the French Committee of National Liberation, successor to the French National Committee and to the Haut Commandement en Chef Civile et Militaire established in French North and West Africa after the events of November 1942.

⁴ In an exchange of notes dated November 30, 1942, Canada accepted the underlying principles of Article VII of the Master Agreement.

Table 23

APPENDICES

Appendix 1 LEND-LEASE ACT

Further to promote the defense of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "An Act to Promote the Defense of the United States."

Section 2

As used in this Act—

(a) The term "defense article" means—

- (1) Any weapon, munition, aircraft, vessel, or boat;
- (2) Any machinery, facility, tool, material, or supply necessary for the manufacture, production, processing, repair, servicing, or operation of any article described in this subsection;
- (3) Any component material or part of or equipment for any article described in this subsection;
- (4) Any agricultural, industrial, or other commodity or article for defense.

Such term "defense article" includes any article described in this subsection manufactured or procured pursuant to section 3, or to which the United States or any foreign government has or hereafter acquires title, possession, or control.

(b) The term "defense information" means any plan, specification, design, prototype, or information pertaining to any defense article.

Section 3

(a) Notwithstanding the provisions of any other law, the President may, from time to time, when he deems it in the interest of national defense, authorize the Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government—

- (1) To manufacture in arsenals, factories, and shipyards under their jurisdiction, or otherwise procure, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for the government of any

country whose defense the President deems vital to the defense of the United States.

(2) To sell, transfer title to, exchange, lease, lend, or otherwise dispose of, to any such government, any defense article, but no defense article not manufactured or procured under paragraph (1) shall in any way be disposed of under this paragraph except after consultation with the Chief of Staff of the Army or the Chief of Naval Operations of the Navy, or both. The value of defense articles disposed of in any way under authority of this paragraph, and procured from funds heretofore appropriated, shall not exceed \$1,300,000,000. The value of such defense articles shall be determined by the head of the department or agency concerned or such other department, agency, or officer as shall be designated in the manner provided in the rules and regulations issued hereunder. Defense articles procured from funds hereafter appropriated to any department or agency of the Government, other than from funds authorized to be appropriated under this Act, shall not be disposed of in any way under authority of this paragraph except to the extent hereafter authorized by the Congress in the Acts appropriating such funds or otherwise.

(3) To test, inspect, prove, repair, outfit, recondition, or otherwise to place in good working order, to the extent to which funds are made available therefor, or contracts are authorized from time to time by the Congress, or both, any defense article for any such government, or to procure any or all such services by private contract.

(4) To communicate to any such government any defense information, pertaining to any defense article furnished to such government under paragraph (2) of this subsection.

(5) To release for export any defense article disposed of in any way under this subsection to any such government.

(b) The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory.

(c) After June 30, 1945, or after the passage of a concurrent resolution by the two Houses before June 30, 1945, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1948, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1945, or before the passage of such concurrent resolution, whichever is the earlier.

(d) Nothing in this Act shall be construed to authorize or to permit the authorization of convoying vessels by naval vessels of the United States.

(e) Nothing in this Act shall be construed to authorize or to permit the authorization of the entry of any American vessel into a combat area in violation of section 3 of the Neutrality Act of 1939.

Section 4

All contracts or agreements made for the disposition of any defense article or defense information pursuant to section 3 shall contain a clause by which the foreign government undertakes that it will not, without the consent of the President, transfer title to or possession of such defense articles or defense information by gift, sale, or otherwise, or permit its use by anyone not an officer, employee, or agent of such foreign government.

Section 5

(a) The Secretary of War, the Secretary of the Navy, or the head of any other department or agency of the Government involved shall, when any such defense article or defense information is exported, immediately inform the department or agency designated by the President to administer section 6 of the Act of July 2, 1940 (54 Stat. 714), of the quantities, character, value, terms of disposition, and destination of the article and information so exported.

(b) The President, from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act except such information as he deems incompatible with the public interest to disclose. Reports provided for under this subsection shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

Section 6

(a) There is hereby authorized to be appropriated from time to time, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions and accomplish the purposes of this Act.

(b) All money and all property which is converted into money received under section 3 from any government shall, with the approval of the Director of the Budget, revert to the respective appropriation or appropriations out of which funds were expended with respect to the defense article or defense information for which such consideration is received, and shall be available for expenditure for the purpose for which such expended funds were appropriated by law, during the fiscal year in which such funds are received and the ensuing fiscal year; but in no event shall any funds so received be available for expenditure after June 30, 1948.

Section 7

The Secretary of War, the Secretary of the Navy, and the head of the department or agency shall, in all contracts or agreements for the disposition of any defense article or defense information, fully protect the rights of all citizens of the United States who have patent rights in and to any such article or information which is hereby authorized to be disposed of and the payments collected for royalties on such patents shall be paid to the owner and holders of such patents.

Section 8

The Secretaries of War and of the Navy are hereby authorized to purchase or otherwise acquire arms, ammunition, and implements of war produced within the jurisdiction of any country to which section 3 is applicable, whenever the President deems such purchase or acquisition to be necessary in the interests of the defense of the United States.

Section 9

The President may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred on him by this Act through such department, agency, or officer as he shall direct.

Section 10

Nothing in this Act shall be construed to change existing law relating to the use of the land and naval forces of the United States, except insofar as such use relates to the manufacture, procurement, and repair of defense articles, the communication of information and other noncombatant purposes enumerated in this Act.

Section 11

If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

☆ ☆ ☆

On March 11, 1943, after affirmative votes of 407-6 in the House of Representatives and 82-0 in the Senate the President signed the Act extending the Lend-Lease Act until July 1, 1944.

On April 19, 1944, by vote of 344-21, the House of Representatives voted to extend the Lend-Lease Act until July 1, 1945, with the following amendment to Section 3 (b) of the Act as follows (new matter in italics):

"The terms and conditions upon which any such foreign government receives any aid authorized under subsection (a) shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory: *Provided, however, That nothing in this paragraph shall be construed to authorize the President in any final settlement to assume or incur any obligations on the part of the United States with respect to post-war economic policy, post-war military policy, or any post-war policy involving international relations except in accordance with established constitutional procedure.*"

On May 8, 1944, by vote of 63-1, the Senate also voted to extend the Act, with the same amendment as that adopted by the House except for deletion of the words "in any final settlement." On May 12 the House concurred in this change made by the Senate. On May 17 the President signed the Act.

Appendix II

BRITISH MASTER AGREEMENT

Agreement Between the Governments of the United States of America and of the United Kingdom on the Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, Authorized and Provided for by the Act of March 11, 1941.

Whereas the Governments of the United States of America and the United Kingdom of Great Britain and Northern Ireland declare that they are engaged in a cooperative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;

And whereas the President of the United States of America has determined, pursuant to the Act of Congress of March 11, 1941, that the defense of the United Kingdom against aggression is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the United Kingdom aid in resisting aggression;

And whereas it is expedient that the final determination of the terms and conditions upon which the Government of the United Kingdom receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and the United Kingdom and will promote the establishment and maintenance of world peace;

And whereas the Governments of the United States of America and the United Kingdom are mutually desirous of concluding now a preliminary agreement in regard to the provision of defense aid and in regard to certain considerations which shall be taken into account in determining such terms and conditions and the making of such an agreement has been in all respects duly authorized, and all acts, conditions and formalities which it may have been necessary to perform, fulfill, or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of the United Kingdom have been performed, fulfilled, or executed as required;

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

Article I

The Governments of the United States of America will continue to supply the Government of the United Kingdom with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

Article II

The Government of the United Kingdom will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities of information as it may be in a position to supply.

Article III

The Government of the United Kingdom will not without the consent of the President of the United States of America transfer title to, or possession of, any defense article or defense information transferred to it under the Act or permit the use thereof by anyone not an officer, employee, or agent of the Government of the United Kingdom.

Article IV

If, as a result of the transfer to the Government of the United Kingdom of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Government of the United Kingdom will take such action or make such payment when requested to do so by the President of the United States of America.

Article V

The Government of the United Kingdom will return to the United States of America at the end of the present emergency, as determined by the President, such defense articles transferred under this Agreement as shall not have been destroyed, lost, or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

Article VI

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Government of the United Kingdom subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

Article VII

In the final determination of the benefits to be provided to the United States of America by the Government of the United Kingdom in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of world-wide economic relations. To that end, they shall include provision for agreed action by the United States of America and the United Kingdom, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 12, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

Article VIII

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington in duplicate this 23d day of February, 1942.

For the Government of the United States of America:

[SEAL]

SUMNER WELLES,
Acting Secretary of State of the
United States of America.

For the Government of the United Kingdom
of Great Britain and Northern Ireland:

[SEAL]

HALIFAX
His Majesty's Ambassador Extraordinary
and Plenipotentiary at Washington.

☆ ☆ ☆

Identical Master Lend-Lease Agreements have been signed with the following countries: Belgium, China, Czechoslovakia, Ethiopia, Greece, Liberia, The Netherlands, Norway, Poland, Union of Soviet Socialist Republics, and Yugoslavia. Australia and New Zealand have accepted the principles of the Master Agreements.

Appendix III

RECIPROCAL AID AGREEMENTS

Reciprocal aid agreements with United Kingdom, Australia, New Zealand, and Fighting France were concluded September 3, 1942, by the following exchanges of notes. The first three agreements were signed in Washington and the agreement with Fighting France was signed in London.

Agreement With United Kingdom

The Honorable CORDELL HULL,

Secretary of State, United States Department of State,
Washington, D. C.

SIR: In the United Nations declaration of January 1, 1942, the contracting governments pledged themselves to employ their full resources, military or economic, against those nations with which they are at war and in the Agreement of February 23, 1942, each contracting government undertook to provide the other with such articles, services, facilities, or information useful in the prosecution of their common war undertaking as each may be in a position to supply. It is further the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the general principle to be followed in providing mutual aid as set forth in the said Agreement of February 23, 1942, is that the war production and the war resources of both Nations should be used by the armed forces of each and of the other United Nations in ways which most effectively utilize the available materials, manpower, production facilities, and shipping space.

With a view, therefore, to supplementing Article 2 and Article 6 of the Agreement of February 23, 1942, between our two Governments for the provision of reciprocal aid, I have the honour to set forth below the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland of the principles and procedures applicable to the provision of aid by the Government of the United Kingdom of Great Britain and Northern Ireland to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services which each Government may authorize to be provided to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

It is accordingly the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to the United Kingdom. The Government of the United Kingdom will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorizes in accordance with the Agreement of February 23, 1942.

3. The Government of the United Kingdom will provide the United States or its armed forces with the following types of assistance as such reciprocal aid, when it is found that they can most effectively be procured in the United Kingdom or in the British Colonial Empire:

- (a) Military equipment, munitions, and military and naval stores.
- (b) Other supplies, materials, facilities, and services for the United States forces, except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Government of the United Kingdom as specified in paragraph 4.
- (c) Supplies, materials, and services needed in the construction of military projects, tasks, and similar capital works required for the common war effort in the United Kingdom or in the British Colonial Empire, except for the wages and salaries of United States citizens.
- (d) Supplies, materials, and services needed in the construction of such military projects, tasks, and capital works in territory other than the United Kingdom or the British Colonial Empire or territory of the United States to the extent that the United Kingdom or the British Colonial Empire is a more practicable source of supply than the United States or another of the United Nations.

4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities. Requests by the United States Government for such aid will be presented by duly authorized authorities of the United States to official agencies of the United Kingdom which will be designated or established in London and in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.

5. It is the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland that all such aid, as well as other aid, including information, received under Article 6 of the Agreement of February 23, 1942, accepted by the President of the United States or his authorized representatives from the Government of the United Kingdom will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter. I have the honour to be, with the highest consideration, Sir, your most obedient, humble servant,

HALIFAX.

September 3, 1942

His Excellency the Right Honorable The Viscount HALIFAX, K. G.,
British Ambassador.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of the United Kingdom of Great Britain and Northern Ireland to the armed forces of the United States of America.

In reply I wish to inform you that the Government of the United States agrees with the understanding of the Government of the United Kingdom of Great Britain and Northern Ireland as expressed in that note. In accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

CORDELL HULL,

Secretary of State of the United States of America.

September 3, 1942

Agreement With Australia
The Honorable CORDELL HULL,

Secretary of State, Washington, D. C.

SIR: As contracting parties to the United Nations Declaration of January 1, 1942, the Governments of the United States of America and the Commonwealth of Australia pledged themselves to employ their full resources, military and economic, against those nations with which they are at war.

With regard to the arrangements for mutual aid between our two governments, I refer to the agreement signed at Washington on February 23, 1942, between the Governments of the United States of America and the United Kingdom on principles applying to mutual aid in the present war authorized and provided for by the Act of Congress of March 11, 1941, and have the honour to inform you that the Government of the Commonwealth of Australia accepts the principles therein contained as governing the provision of mutual aid between itself and the Government of the United States of America.

It is the understanding of the Government of the Commonwealth of Australia that the general principle to be followed in providing such aid is that the war production and war resources of both nations should be

used by the armed forces of each, in the ways which most effectively utilize available materials, manpower, production facilities, and shipping space.

I now set forth the understanding of the Government of the Commonwealth of Australia of the principles and procedure applicable to the provision of aid by the Government of the Commonwealth of Australia to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is my understanding that the general principles to be applied to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services which each Government may authorize to be provided to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

It is accordingly my understanding that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to Australia. The Government of Australia will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorizes in accordance with the principles enunciated in this note.

3. The Government of Australia will provide as reciprocal aid the following types of assistance to the armed forces of the United States in Australia or its territories and in such other cases as may be determined by common agreement in the light of the development of the war.

(a) Military equipment, ammunition, and military and naval stores.

(b) Other supplies, materials, facilities, and services for the United States forces except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Australian Government as specified in paragraph 4.

(c) Supplies, materials, and services needed in the construction of military projects, tasks, and similar capital works required for the common war effort in Australia and in such other places as may be determined, except for the wages and salaries of United States citizens.

4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities. Requests by the United States Government for such aid will be presented by duly authorized authorities of the United States to official agencies of the Commonwealth of Australia which will be designated or established in Can-

berra and in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.

5. It is my understanding that all such aid accepted by the President of the United States or his authorized representatives from the Government of Australia will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter.

I have the honor to be with the highest consideration, Sir, your obedient servant,

OWEN DIXON.

September 3, 1942.

The Honorable Sir OWEN DIXON, K. C. M. G.,
Minister of Australia.

SIR: I have the honor to acknowledge receipt of your note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of the Commonwealth of Australia to the armed forces of the United States of America.

In reply I have the honor to inform you that the Government of the United States of America likewise accepts the principles contained in the agreement of February 23, 1942, between it and the Government of the United Kingdom as governing the provision of mutual aid between the Governments of the United States and of the Commonwealth of Australia. My Government agrees with the understanding of the Government of the Commonwealth of Australia as expressed in your note of today's date, and, in accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

CORDELL HULL,

Secretary of State of the United States of America

September 3, 1942.

Agreement With New Zealand

The Honorable CORDELL HULL,

Secretary of State,

United States Department of State,

Washington, D. C.

SIR: As contracting parties to the United Nations Declaration of January 1, 1942, the Governments of the United States of America and New Zealand

pledged themselves to employ their full resources, military and economic, against those nations with which they are at war.

In the Agreement of February 23, 1942, between the Governments of the United Kingdom and of the United States of America, the provisions and principles of which the Government of New Zealand considers applicable to its relations with the Government of the United States, each contracting Government undertook to provide the other with such articles, services, facilities, or information useful in the prosecution of their common war undertaking as each may be in a position to supply.

It is the understanding of the Government of New Zealand that the general principle to be followed in providing such aid is that the war production and war resources of both nations should be used by each, in the ways which most effectively utilize available materials, manpower, production facilities, and shipping space.

I now set forth the understanding of the Government of New Zealand of the principles and procedure applicable to the provision of aid by the Government of New Zealand to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. While each Government retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

2. As to financing the provision of such aid, within the fields mentioned below, it is my understanding that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services to be provided by each Government to the other shall be in the form of reciprocal aid so that the need of each Government for the currency of the other may be reduced to a minimum.

It is accordingly my understanding that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its production made available to New Zealand. The Government of New Zealand will provide on the same terms and as reciprocal aid so much of its production made available to the United States as it authorizes in accordance with the principles enunciated in this note.

3. The Government of New Zealand will provide the United States or its armed forces with the following types of assistance, as such reciprocal aid, when it is found that they can most effectively be procured in New Zealand.

(a) Military equipment, munitions, and military and naval stores.

(b) Other supplies, materials, facilities, and services for the United States forces, except for the pay and allowances of such forces, administrative expenses, and such local purchases as its official establishments may make other than through the official establishments of the Government of New Zealand as specified in Paragraph 4.

(c) Supplies, materials, and services needed in the construction of military projects, tasks, and similar capital works required for the common war effort in New Zealand, except for the wages and salaries of United States citizens.

(d) Supplies, materials, and services needed in the construction of such military projects, tasks, and capital works in territory other than New Zealand or territory of the United States to the extent that New Zealand is a more practicable source of supply than the United States or another of the United Nations.

4. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities.

5. It is my understanding that all such aid accepted by the President of the United States or his authorized representatives from the Government of New Zealand will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this agreement, except for miscellaneous facilities and services, will be kept by each Government.

If the Government of the United States concurs in the foregoing, I would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter.

I have the honour to be, Sir,
Your obedient servant,

WALTER NASH,
Minister of New Zealand.

September 3, 1942

The Honorable WALTER NASH,
Minister of New Zealand.

SIR: I have the honor to acknowledge receipt of your note of today's date concerning the principles and procedures applicable to the provision of aid by the Government of New Zealand to the armed forces of the United States of America.

In reply I have the honor to inform you that the Government of the United States of America likewise considers the provisions and principles contained in the agreement of February 23, 1942, between it and the Government of the United Kingdom as applicable to its relations with the Government of New Zealand. My Government agrees with the understanding of the Government of New Zealand as expressed in your note of today's date, and, in accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Sir, the renewed assurances of my highest consideration.

CORDELL HULL,

Secretary of State of the United States of America.

September 3, 1942

Agreement With French National Committee

TEXT OF NOTE TO GENERAL DAHLQUIST FROM FRENCH NATIONAL COMMITTEE

The French National Committee sets forth below its understanding of the principles governing the provision of reciprocal aid by the United States of America to Fighting France and by Fighting France to the United States:

1. The United States of America will continue to supply Fighting France with such defense articles, defense services, and defense information as the President shall authorize to be transferred or provided.

2. Fighting France will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities, or information as it may be in a position to supply.

3. The fundamental principle to be followed in providing such aid is that the war production and war resources of Fighting France and of the United States of America should be used by the armed forces of each in the ways which most effectively utilize available materials, manpower, production facilities, and shipping space. While each retains the right of final decision, in the light of its own potentialities and responsibilities, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

4. As to financing the provision of such aid, within the fields mentioned below, it is the Committee's understanding that the general principle to be applied, to the point at which the common war effort is most effective, is that as large a portion as possible of the articles and services to be provided by each to the other shall be in the form of reciprocal aid.

It is accordingly the Committee's understanding that the United States Government will provide, in accordance with the provisions of, and to the extent authorized under, the Act of March 11, 1941, the share of its war production made available to Fighting France. Fighting France will provide on the same terms and as reciprocal aid so much of its war production made available to the United States as it authorized in accordance with the principles enunciated in this note.

5. Within the territories under the control of Fighting France, or within the same theater of operations, the National Committee will provide the United States or its armed forces with the following types of assistance, as such reciprocal aid, when it is found that they can most effectively be procured in territory under the control of Fighting France:

- (a) Military equipment, munitions, and military and naval stores.
- (b) Other supplies, materials, facilities, and services for the United States forces, except for the pay and allowances of such forces, adminis-

trative expenses, and such local purchases as its official establishments may make other than through the official establishments of Fighting France as specified in paragraph 6.

(c) Supplies, materials, and services, except for the wages and salaries of United States citizens, needed in the construction of military projects, tasks, and similar capital works required for the common war effort in territory under the control of Fighting France, or in the same theater of operations, to the extent that such territory is the most practicable source of supply.

6. The practical application of the principles formulated in this note, including the procedure by which requests for aid are made and acted upon, shall be worked out by agreement as occasion may require through the appropriate military or civilian administrative authorities. Requests by the United States forces for such aid will be presented by their duly authorized authorities to official agencies of Fighting France which will be designated or established in the areas where United States forces are located for the purpose of facilitating the provision of reciprocal aid.

7. It is the Committee's understanding that all such aid accepted by the President of the United States or his authorized representatives from Fighting France will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this arrangement, except for miscellaneous facilities and services, will be kept by each.

If the Government of the United States concurs in the foregoing, the present note and a reply to that effect will be regarded as placing on record the understanding in this matter.

TEXT OF NOTE TO FRENCH NATIONAL COMMITTEE FROM GENERAL DAHLQUIST

The Government of the United States of America agrees with the understanding of the National Committee, as expressed in the English text of the Committee's note of today's date, concerning the principles and procedures applicable to the provisions of aid by Fighting France to the armed forces of the United States of America and, in accordance with the suggestion contained therein, that note and this reply will be regarded as placing on record the understanding in this matter.

September 3, 1942

Appendix IV

MODUS VIVENDI ON RECIPROCAL AID IN FRENCH NORTH AND WEST AFRICA

The Government of the United States and the French Committee of National Liberation, desirous of lending each other the reciprocal aid necessary to the prosecution of the joint war effort, are agreed upon the following provisional Modus Vivendi which will, following signature, be applicable in French North and West Africa:

I. With reference to supplies and services urgently needed to maintain the French war effort, which the United States has furnished to the French authorities and will continue to furnish, within limitations of need and supply, it is understood that:

(a) Military aid, including supplies for railroads, docks, public utilities, and other facilities to the extent that such supplies are determined to be military aid is made available on a straight Lend-Lease basis, in the light of the considerations set forth in Paragraph V. Such aid does not include the pay and allowances of French forces. The United States reserves the right to require the return of any articles furnished under this paragraph and not lost, destroyed, or consumed,

(i) if at any time it is decided that such restitution would be an advantage in the conduct of the war, or

(ii) if at the end of the present emergency as determined by the President of the United States, the President shall determine that such articles are useful in the defense of the United States or of the Western Hemisphere, or to be otherwise of use to the United States.

(b) For all civilian supplies imported from the United States, the French authorities will pay upon the basis of prices to be agreed. Payment will be made, currently at convenient intervals, in dollars, to an appropriately designated account in the United States.

(c) The distinction between civilian and military aid, supplies and services, where such distinction may be necessary, will be made by agreement.

(d) All aid furnished under Paragraph I (a) and I (b) will be made available by the United States under the authority and subject to the terms and conditions provided for in the Act of Congress of 11 March, 1941, as amended (P. L. 11, 77th Congress, 1st Session).

II. With reference to supplies and services urgently needed to maintain the United States war effort, which the French authorities have furnished

to the United States and will continue to furnish, within limitations of need and supply, it is understood that:

(a) The French authorities undertake to make available to or for the use of the armed forces and other governmental agencies of the United States, as reverse Lend-Lease aid to the United States, on a straight Lend-Lease basis, when it is found that such aid can most effectively be procured in territory under their control.

(i) military equipment, munitions, and military and naval stores;

(ii) other supplies, materials, facilities, and services for United States forces, including the use of railway and port facilities, but not including the pay and allowances of such forces nor the administrative expenses of American missions;

(iii) supplies, materials, facilities, and services, except for the wages and salaries of United States citizens, needed in the construction of military projects, tasks, and similar capital works required in the common war effort, to the extent that French North or West Africa is the most practicable source of such supplies, materials, facilities, or services;

(iv) such other supplies, materials, services, or facilities as may be agreed upon as necessary in the prosecution of the war, but not including exports of civilian supplies to the United States from North and West Africa.

While the French authorities retain, of course, the right of final decision, subject to the obligations and arrangements they have entered into for the prosecution of the war, decisions as to the most effective use of resources shall, so far as possible, be made in common, pursuant to common plans for winning the war.

(b) All civilian supplies exported from French North and West Africa to the United States will be paid for on the basis of prices to be agreed. Payment will be made currently, at convenient intervals, in dollars, to an appropriate designated account in the United States.

(c) The distinction between civilian and military aid, supplies and services, where such distinction may be necessary, will be made by agreement.

(d) In order to obtain the supplies and services included within the scope of Paragraph II (a), duly authorized United States officers or other officials will submit their requests to the official services duly designated by the French authorities. These services will be established in Algiers, Casablanca, Oran, Tunis, Dakar, and other places where it may be found practicable and convenient to establish organizations for facilitating the transfer of reciprocal aid.

(e) For use in those exceptional cases, and particularly in cases of local procurement of supplies, in which it is agreed to be more practicable to secure such reverse Lend-Lease supplies, facilities, and services by direct purchase, rather than by the method of procurement set forth in Paragraph II (b), it is agreed that the French authorities establish a franc account in convenient banking institutions and in the name of a designated officer of the United States to facilitate the provision of reverse Lend-Lease aid as con-

templated by Paragraph II (a). The French contributions to this account will be mutually agreed upon from time to time in the light of the changing needs of the American forces, and other appropriate factors. Such an account will not be used for the payment of wages and salaries of American military or civilian personnel, nor for administrative expenses of American missions. Estimates of the franc requirements of the United States will be submitted to designated French authorities from time to time, as may be found convenient. The French authorities will be kept fully and currently informed of all transactions in this account.

III. In exceptional cases, and when they deem it preferable, the American military forces, or other agencies of the United States Government, may continue to use their present practice of acquiring francs against dollars from the French authorities.

IV. Adequate statistical records will be kept of all goods and services exchanged as mutual aid under paragraphs I and II above.

V. The provisions of this modus vivendi correspond to a desire to reduce to an appropriate minimum the need of either party for currency of the other party. Provisions which call for payments in dollars have been decided upon in view of the special situation arising from accumulated dollar balances and availabilities of dollar funds due to the presence of United States troops in French North and West Africa. Revision of the payment provisions of this modus vivendi will be made should the situation require.

Signed at Algiers this 25th day of September, A. D. 1943.

For the Government of the United States of America:

/s/ROBERT MURPHY

For the French Committee of National Liberation:

/s/MASSIGLI

/s/JEAN MONNET

September 25, 1943.

Appendix V

EXECUTIVE ORDER ESTABLISHING FOREIGN ECONOMIC ADMINISTRATION

By virtue of the authority vested in me by the Constitution and the statutes of the United States, as President of the United States and Commander in Chief of the Army and Navy, and in order to unify and consolidate governmental activities relating to foreign economic affairs, it is hereby ordered as follows:

1. There is established in the Office for Emergency Management of the Executive Office of the President the Foreign Economic Administration (hereinafter referred to as the Administration), at the head of which shall be an Administrator.

2. The Office of Lend-Lease Administration, the Office of Foreign Relief and Rehabilitation Operations, the Office of Economic Warfare (together with the corporations, agencies, and functions transferred thereto by Executive Order No. 9361 of July 15, 1943), the Office of Foreign Economic Coordination (except such functions and personnel thereof as the Director of the Budget shall determine are not concerned with foreign economic operations) and their respective functions, powers, and duties are transferred to and consolidated in the Administration.

3. The Administrator may establish such offices, bureaus, or divisions in the Administration as may be necessary to carry out the provisions of this order, and may assign to them such of the functions and duties of the offices, agencies, and corporations consolidated by this order as he may deem desirable in the interest of efficient administration.

4. The powers and functions of the Administration shall be exercised in conformity with the foreign policy of the United States as defined by the Secretary of State. As soon as military operations permit, the Administration shall assume responsibility for and control of all activities of the United States Government in liberated areas with respect to supplying the requirements of and procuring materials in such areas.

5. All the personnel, property, records, funds (including all unexpended balances of appropriations, allocations, or other funds now available), contracts, assets, liabilities, and capital stock (including shares of stock) of the offices, agencies, and corporations consolidated by paragraph 2 of this order are transferred to the Administration for use in connection with the exercise and performance of its functions, powers, and duties. In the case of capital stock (including shares of stock), the transfer shall be to such agency, corporation, office, officer, or person as the Administrator shall designate. The Administrator is authorized to employ such personnel as may be necessary in the performance of the functions of the Administration and in order to carry out the purposes of this order.

6. No part of any funds appropriated or made available under Public Law 139, approved July 12, 1943, shall hereafter be used directly or indirectly by the Administrator for the procurement of services, supplies, or equipment outside the United States except for the purpose of executing general economic programs or policies, formally approved by a majority of the War Mobilization Committee in writing filed with the Secretary of State prior to any such expenditure.

7. All prior Executive Orders insofar as they are in conflict herewith are amended accordingly. This order shall take effect upon the taking of office by the Administrator, except that the agencies and offices consolidated by paragraph 2 hereof shall continue to exercise their respective functions pending any contrary determination by the Administrator.

FRANKLIN D. ROOSEVELT,

THE WHITE HOUSE, September 25, 1943.

Appendix VI

EXECUTIVE ORDER ESTABLISHING OFFICE OF LEND-LEASE ADMINISTRATION

By virtue of the authority vested in me by the Constitution and statutes of the United States, and particularly by the Act of March 11, 1941, entitled "An Act further to promote the defense of the United States and for other purposes" (hereafter referred to as the Act), and by the Defense Aid Supplemental Appropriation Act, 1941, approved March 27, 1941, and acts amendatory or supplemental thereto, in order to define further the functions and duties of the Office for Emergency Management of the Executive Office of the President in respect to the national emergency as declared by the President on May 27, 1941, and in order to provide for the more effective administration of those Acts in the interests of national defense, it is hereby ordered as follows:

1. There shall be in the Office for Emergency Management of the Executive Office of the President an Office of Lend-Lease Administration, at the head of which shall be an Administrator, appointed by the President, who shall receive compensation at such rate as the President shall approve and, in addition, shall be entitled to actual and necessary transportation subsistence, and other expenses incidental to the performance of his duties.
2. Subject to such policies as the President may from time to time prescribe, the Administrator is hereby authorized and directed, pursuant to Section 9 of the Act, to exercise any power or authority conferred upon the President by the Act and by the Defense Aid Supplemental Appropriation Act, 1941, and any acts amendatory or supplemental thereto, with respect to any nation whose defense the President shall have found to be vital to the defense of the United States: *Provided*, That the master agreement with each nation receiving lend-lease aid, setting forth the general terms and conditions under which such nation is to receive such aid, shall be negotiated by the State Department, with the advice of the Economic Defense Board and the Office of Lend-Lease Administration.
3. The Administrator shall make appropriate arrangements with the Economic Defense Board for the review and clearance of lend-lease transactions which affect the economic defense of the United States as defined in Executive Order No. 8839 of July 30, 1941.
4. Within the limitation of such funds as may be made available for that purpose, the Administrator may appoint one or more Deputy or Assistant Administrators and other personnel, delegate to such Deputy or Assistant Administrators any power or authority conferred by these orders, and make provision for such supplies, facilities, and services as shall be necessary to

carry out the provisions of this Order. Insofar as practicable, the Office of Lend-Lease Administration shall use such general business services and facilities as may be made available to it through the Office for Emergency Management.

5. Executive Order No. 8751 of May 2, 1941, establishing the Division of Defense Aid Reports and defining its functions and duties, is hereby revoked.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *October 28, 1941.*

FEDERAL RESERVE BANK
OF NEW YORK

August 23, 1944

CONFIDENTIAL

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

I am enclosing our compilation for the week ended August 16, 1944, showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Very truly yours,

/s/ H. L. Sanford
H. L. Sanford,
Assistant Vice President.

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

C O P Y

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY

August 24, 1944

CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended August 16, 1944, showing dollar disbursements out of the British Empire and French accounts at the Federal Reserve Bank of New York and the means by which these expenditures were financed.

CMB

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

Week Ended August 16, 1944. Strictly Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)							BANK OF FRANCE					
	D E B I T S				C R E D I T S			Net Incr. (+) or Decr. (-) in \$ Funds (d)	Total Debits (e)	Total Credits (e)	Net. Incr. (+) or Decr. (-) in \$ Funds (d)		
	Total Debits	Gov't Expendi- tures (a)	Transfers to Official Canadian Account	Other Debits	Total Credits	Proceeds of Sales of Gold	Securities (Official) (b)					Transfers from Official Australian Account	Other Credits (c)
First year of war (g)	1,793.2	605.6	20.9	1,166.7	1,828.2	1,356.1	52.0	3.9	416.2	+ 35.0	866.3(f)	1,095.3(f)	+ 299.0
War period through December, 1940	2,782.3	1,425.6	20.9	1,335.8	2,793.1	2,109.5	108.0	14.5	561.1	+ 10.8	878.3	1,098.4	+ 220.1
Second year of war (h)	2,203.0	1,792.2	3.4	407.4	2,189.8	1,192.7	274.0	16.7	705.4	- 13.2	38.9	8.8	- 30.1
Third year of war (i)	1,235.6	904.8	7.7	223.1	1,361.5	21.8	5.5	57.4	1,276.8	+ 125.9	18.5	4.4	- 14.1
Fourth year of war (j)	764.0	312.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 308.3	10.3	1.0	- 9.3
<u>1943</u>													
September	49.4	16.8	10.6	22.0	86.2	-	-	15.0	71.2	+ 36.8	-	-	-
October	38.2	16.0	-	22.2	115.4	-	-	40.5	74.9	+ 77.2	-	-	-
November	65.9	42.4	5.9	17.6	89.0	-	-	3.5	85.5	+ 22.1	-	-	-
December	98.1	16.3	-	81.8	134.5	-	-	36.5	98.0	+ 36.4	-	-	-
<u>1944</u>													
January	44.6	21.2	10.6	12.0	127.5	-	-	1.0	126.5	+ 62.7	-	-	-
February	143.6	14.3	2.1	127.4	144.5	-	-	29.0	115.5	+ 0.7	-	-	-
March	152.9	71.1	12.5	69.3	133.3	-	-	24.5	108.8	- 19.6	-	-	-
April	134.8	14.9	-	119.9	122.2	-	-	27.5	94.7	- 12.6	-	-	-
May	125.1	28.6	8.1	88.2	164.7	-	-	37.0	127.7	+ 39.6	-	-	-
June	101.9	24.1	-	77.8	95.7	-	-	28.0	67.7	- 6.2	-	-	-
July	150.9	12.3	7.3	131.3	85.9	-	-	10.0	75.9	- 65.0	-	-	-
August													
<u>Week Ended</u>													
July 26, 1944.	61.4	2.3	7.1	52.0	10.3	-	-	-	10.3	- 51.1	-	-	-
August 2, 1944.	18.9	6.5	3.2	9.2	41.0	-	-	-	41.0	+ 22.1	-	-	-
August 9, 1944.	10.0	3.2	1.1	5.7	7.3	-	-	-	7.3	- 2.7	-	-	-
August 16, 1944.	7.5	5.9	-	1.6	5.0(k)	-	-	-	5.0(k)	- 2.5	-	-	-

See attached sheet for footnotes.

Average Weekly Expenditures Since Outbreak of War

France (through June 19, 1940) 19.6 million
 England (through June 19, 1940) 27.6 million
 England (through June 20, 1940 to March 12, 1941) 54.9 million
 England (since March 12, 1941) 21.4 million

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York: Banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (k) below.
- (d) Reflects net change in all dollar holdings payable on demand or maturing in one year.
- (e) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (f) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (g) For monthly breakdown see tabulations prior to April 23, 1941.
- (h) For monthly breakdown see tabulations prior to October 8, 1941.
- (i) For monthly breakdown see tabulations prior to October 14, 1942.
- (j) For monthly breakdown see tabulations prior to September 29, 1943.
- (k) Includes \$ 3.6 million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports.

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

Week Ended August 16, 1944.

Strictly
Confidential

PERIOD	BANK OF CANADA (and Canadian Government)								COMMONWEALTH BANK OF AUSTRALIA (and Australian Government)							
	DEBITS			CREDITS					DEBITS			CREDITS				
	Total Debits	Transfers to Official British A/C	Others Debits	Total Credits	Proceeds of Gold Sales	For Own A/C	For French A/C	Other Credits	Net Incr. (+) or Decr. (-) in \$Rnds	Total Debits	Transfers to Official British A/C	Other Debits	Total Credits	Proceeds of Gold Sales	Other Credits	Net Incr. (+) or Decr. (-) in \$Rnds (e)
First year of war (a)	323.0	16.6	306.4	504.7	412.7	20.9	38.7	32.4	+ 181.7	31.2	3.9	27.3	36.1	30.0	6.1	+ 4.9
War period through December, 1940	477.2	16.6	460.6	707.4	534.8	20.9	110.7	41.0	+ 230.2	57.9	14.5	43.4	62.4	50.1	12.3	+ 4.5
Second year of war (b)	460.4	-	460.4	462.0	246.2	3.4	123.9	88.5	+ 1.6	72.2	16.7	55.5	61.2	62.9	18.3	+ 9.0
Third year of war (c)	525.8	0.3	525.5	566.3	198.6	7.7	-	360.0	+ 40.5	107.2	57.4	49.8	112.2	17.2	95.0	- 5.0
Fourth year of war (d)	723.6	-	723.6	958.8	47.1	170.4	-	741.3	+ 235.2	197.0	155.1	41.9	200.4	-	200.4	+ 3.4
1943																
September	47.2	-	47.2	70.1	-	10.6	-	59.5	+ 22.9	16.8	15.0	1.8	20.0	-	20.0	+ 3.2
October	32.1	-	32.1	71.3	-	-	-	71.3	+ 39.2	42.8	40.5	2.3	26.5	-	26.5	- 16.3
November	15.6	0.1	15.3	95.1	-	5.9	-	89.2	+ 79.7	6.6	3.5	3.1	18.2	-	18.2	+ 11.6
December	146.8	0.3	146.5	55.1	-	-	-	55.1	- 91.7	39.7	36.5	3.2	27.0	-	27.0	- 12.7
1944																
January	32.3	-	32.3	78.5	-	10.6	-	67.9	+ 46.2	6.0	1.0	5.0	11.3	-	11.3	+ 5.3
February	25.4	-	25.4	110.5	23.1	2.1	-	93.2	+ 93.1	31.3	29.0	2.3	28.6	-	28.6	- 2.7
March	30.3	0.5	29.8	88.6	15.0	12.5	-	61.1	+ 58.3	27.6	24.5	3.1	29.9	-	29.9	+ 2.3
April	183.6	-	183.6	96.7	-	-	-	96.7	- 88.9	29.5	27.5	2.0	39.4	-	39.4	+ 9.9
May	154.2	-	154.2	86.3	-	8.1	-	78.2	- 67.9	42.6	37.0	5.6	39.6	-	39.6	- 3.0
June	100.1	0.1	100.0	63.3	-	-	-	63.3	- 36.8	31.4	28.0	3.4	21.8	-	21.8	- 9.6
July	43.7	-	43.7	73.2	-	7.3	-	65.9	+ 29.5	20.4	10.0	10.4	20.6	-	20.6	+ 0.2
August																
Week Ended																
July 26, 1944	16.8	-	16.8	23.1	-	7.1	-	16.0	+ 6.3	2.1	-	2.1	3.3	-	3.3	+ 1.2
August 2, 1944	3.6	-	3.6	18.5	-	3.2	-	15.3	+ 14.9	0.3	-	0.3	2.4	-	2.4	+ 2.1
August 9, 1944	7.3	-	7.3	10.8	-	1.1	-	9.7	+ 3.5	1.7	-	1.7	0.7	-	0.7	- 1.0
August 16, 1944	3.9(f)	-	3.9	6.3(f)	-	-	-	6.3(g)	+ 2.4	0.2	-	0.2	0.4	-	0.4	+ 0.2

Average Weekly expenditures for

First year of war	6.2 million.
Second year of war	8.9 million.
Third year of war	10.1 million.
Fourth year of war	13.9 million.
Fifth year of war (through August 16, 1944)	16.4 million.

- (a) For monthly breakdown see tabulations prior to April 23, 1941.
 (b) For monthly breakdown see tabulations prior to October 8, 1941.
 (c) For monthly breakdown see tabulations prior to October 14, 1942.
 (d) For monthly breakdown see tabulations prior to September 29, 1943.
 (e) Reflects changes in all dollar holdings payable on demand or maturing in one year.
 (f) Does not reflect transactions in short term U. S. securities.
 (g) Includes \$ 2.1 million deposited by War Supplies, Ltd. and \$ 3.0 million received from New York accounts of Canadian Chartered Bank.

GEM

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

August 23, 1944

5 p.m.

RESTRICTED

AMEMBASSY,

SAN SALVADOR.

222

Department and War Refugee Board highly commend your action reported in your A-327 of August 10. Please convey to Salvadoran Foreign Minister this Government's deep appreciation of his attitude.

HULL
(GLW)

WRB:MMV:KG
8/22/44

CCA

ORIGINAL TEXT OF TELEGRAM SENT

FROM: American Embassy, London
 TO: Secretary of State, Washington
 DATED: August 23, 1944
 NUMBER: 6721

CONFIDENTIAL

Please forward the following message to Mr. Joseph Linton, 77 Gr. Russell Street, London, WCI:

QUOTE Yours 28/7 to Goldmann. One Understand that Paraguay offered to exchange Vittel holders of Paraguayan passports for German civilians and that no German answer received. Two Understand German Nationals from Netherlands East Indies are in Colombo, Ceylon. Three Please inform fully on action regarding Belgian veteran lists. World Jewish Congress.

A. Leon Kubowitzki. UNQUOTE

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, London
DATED: August 23, 1944
NUMBER: 6722

CONFIDENTIAL

FROM DEPARTMENT AND WAR REFUGEE BOARD

FOR WINANT

Please refer to your 6521 of August 14 dealing with the plight of refugees in German-occupied Italy and with the views of Heathcote-Smith and the Foreign Office on this matter.

We are frankly shocked by the position which the Foreign Office is taking. While we do not know whether any real possibilities exist of rescuing any Jews who may still be alive in northern Italy, we feel strongly that every effort should be made to effect a rescue if this is possible, and we agree with the statement attributed to the Pope that neither our conscience nor history would forgive us if we failed to make this attempt.

If the attitude of the German Government is such that it is possible to effect the rescue of any of these people, which frankly we very much doubt, we are confident that the resources and ingenuity of the American and British Governments are such as to avoid a situation in which these human beings, who otherwise would be rescued, would be consigned to deportation and death.

Accordingly, you are requested to press this matter actively with the British Government with a view toward a joint request by the British and American Governments to the Pope to appeal to the German authorities that rescue be permitted, with the assurances that any persons rescued will be received and cared for by the Allied authorities.

Please advise DuBois of this cable and if you deem it advisable, also advise Emerson.

HULL

RH - 210

PLAIN
LONDON
Dated August 23, 1944
Rec'd 8:33 p.m.

Secretary of State
Washington

6824, Twenty-third

FOR WAR REFUGEE BOARD

MANCHESTER GUARDIAN today carries following article regarding difficulties attending emigration Jews from Hungary:

"Jews From Hungary.

"New German Obstruction

"From our diplomatic correspondent.

"The first few thousand Jews who were due to emigrate from Hungary under the offer recently made by Horthy to the International Red Cross have not been granted permission to leave by the German authorities. According to continental sources the Germans are, on the contrary, creating considerable new difficulties in an obvious attempt to obstruct the Hungarian offer by pressure as well as by blackmail. A fresh reminder from the allies to Hungary to give effect to the obligations would seem to be of special importance now.

"Jews in Budapest--about 240,000 are still herded together in the ghettos there--have now been granted some facilities. They have recently been allowed to leave the ghetto from 10 in the morning until 5 in the afternoon and to obtain small sums for their accounts.

"Appeal To Hungarians.

"The Hungarian Council in Great Britain held a meeting in London on Monday to protest against the crimes committed by the Budapest Government against Hungarian Jews and other patriotic Hungarians. Count Michael Karolyi, President of the Council, took the chair, and messages were read from the Archbishop of Canterbury, the Bishop of Chichester, several M.P.'s, and many Hungarian organisations in the United States.

- 2 -

"A message was accepted by the meeting for broadcast by the BBC to the Hungarian people. This message threatened all the criminals with swift and severe retribution and appealed to all decent Hungarians to help their Jewish compatriots, to defy all the orders of Himmler's German and Hungarian henchmen, and to speed up the liberation of Hungary by every means, thus enabling the Hungarian people to live once again up to the true traditions of Hungarian ideals".

WINANT

WTD

MRM

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

August 23, 1944

5 p.m.

AMEMBASSY,

LISBON.

2313

The following is WRB no. 79.

Please deliver paraphrase of the following message
to Elisabeth Dexter, 111 rua Marquez de Fronteira,
Lisbon, from Raymond Bragg of the Unitarian Service
Committee:

QUOTE 213 COMMITTEE NEVER OPPOSED TO MEETING
FIELDS REQUEST FOR FUNDS FOR WORK CZECHOSLOVAKIA
HUNGARY YUGOSLAVIA ADDITIONAL FRANCE 20000 DOLLARS
REALLOCATIONS APPLIED FOR AND LICENSES TRUST TRANSACTION
COMPLETED SOONEST NOTIFYING FIELD. UNQUOTE

HULL
(GLW)

WRB:MMV:EG
8/23/44

WB

SWP

CABLE TO NORWEB FROM WAR REFUGEE BOARD.

Please deliver the following message to Dr. Joseph Schwartz,
242 Rua Aurea, Lisbon, from M. A. Leavitt of the American Jewish
Joint Distribution Committee:

QUOTE YOUR 31 CONTACTED CHARLES GUGGENHEIM WHO HAS NO
KNOWLEDGE AVAILABLE CASH STOP HIS ASSETS CONSISTED
MAINLY STOCK SHARES UNQUOTE

THIS IS WRB CABLE TO LISBON NO. 80

4:10 p.m.
August 23, 1944

RDrury 8/23/44

TO AMBASSADOR NORWEB FOR DEXTER FROM PEHLE

In view of recent military developments in France the War Refugee Board feels that no further efforts should be made to rescue either children or adults from France through Spain. This matter has been discussed with Dr. Nahum Goldman who agreed and it is understood that the JDC is cabling its Lisbon office along the lines of the Board's decision. You should advise those persons and organizations in Portugal interested in rescue operations of this decision of the Board and ask them to advise their associates in Spain. In the event that any of such persons or organizations are planning to continue such rescue work from France through Spain you should promptly advise me by cable.

Since the above-mentioned rescue operations are ended insofar as the Board is concerned, I would appreciate your views concerning what, if any, worthwhile projects consistent with the Executive Order creating the Board remain to be carried out in or from Portugal.

With reference your WRB 154 (Embassy's No. 2509), Mann is going to England shortly where he will study problem and submit recommendations to the Board for its consideration regarding any action which it should take.

THIS IS WRB LISBON CABLE NO. 81

JHMann;dmc
August 23, 1944

5:10 p.m.
August 23, 1944

VLK-322

PLAIN

Lisbon

Dated August 23, 1944

Rec'd 4:29 a.m., 24th

Secretary of State,
Washington

~~25th~~, August 23, 11 a.m.

FOR RAYMOND BRAAG BOSTON FROM ELISABETH DEXTER

NRB 161 UNITARIAN 317.

Embassy received inquiry regarding reopening visa application Henry Greens, he cannot obtain residence visa without formal detailed statement from employer here regarding purpose and duration his stay. I cannot furnish this as no clear statement from committee ever received. Will do utmost cooperate committee's wishes if advised what they are.

NORWEG

RR

CABLE TO AMEMBASSY, MADRID, SPAIN

Reference is made to Department's 2240 of August 12 and Childs' 251 to Department of August 12 also repeated to you.

Prospect of increasing number of childrens' visas granted for Spanish Morocco as indicated in Childs' 251 is important. In this connection, reported efforts to provide accommodation for additional children are cordially welcomed by War Refugee Board. However, your attention is drawn to the fact that additional visas, once granted, may provide temporary protection of children involved and may contribute to general alleviation of situation in Hungary even prior to actual departure of visa holders which might be indefinitely delayed by Gestapo. Accordingly, you may in your discretion advise childs to support the request for additional visas without reference to available reception facilities, and you may, if you deem it advisable, proceed likewise with regard to Spanish visas in general.

In view of the foregoing, please ascertain and advise Department and Board whether and when 1500 and 500 visas already authorized have actually been given to individuals by Spanish consulate in Budapest.

3:35 p.m.
August 23, 1944

BAkzin:tmh 8-22-44

Cable to Johnson, Stockholm, for Olsen from War Refugee Board

Reference your No. 3028 of August 10, 1944. For your information, word has been received here to the effect that Aeschner, director general Tungaram Budapest has been taken to Germany and that payment of ransom in Sweden or Switzerland is being demanded for his release.

THIS IS WRB STOCKHOLM CABLE NO. 78

1:45 p.m.
August 23, 1944

FHodel:jth 8/21/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: August 23, 1944
NUMBER: 2900

CONFIDENTIAL

CABLE TO McCLELLAND:

Reference is made to your 4604 of July 19 and 5040 of August 5.

1. In addition to taking action requested in Department's 2715 of August 7, please express to the Foreign Office the appreciation of this Government for the information contained in your 4604 and 5040. In order that the Swiss Government may be fully advised as to the attitude of this Government on this subject, you may make available to appropriate officials of the Foreign Office the text of the reply given by this Government on August 11 to Intercess in accordance with Department's 2657 of August 2 and 2715 of August 7.

Please request the Swiss Foreign Office to inform Hungarian authorities that although this Government has taken note of the communication reported in your 5040, it does not accept the reasoning therein contained and reserves the right to return at a later date to the purported facts therein related. Hungarian authorities should further be informed that the limited assurances contained in each communication serve only to prompt a reiteration of this Government's warning that all those who share in the responsibility for the persecution of Jews and other minorities will be brought to justice. Hungarian authorities should also be informed that it is the Government's strong view that the deportation of any category of Jews comes within the foregoing and that permission freely to emigrate and Red Cross supervision of treatment and living conditions must as a minimum be extended to all categories of Jews.

2. A wide discrepancy is noted to exist between various communications and reports regarding Hungarian Government's offer relating to treatment of Jews. For obvious reasons, this Government bases its position on version communicated through Swiss Foreign Office and contained in your 4604, and proposes to continue to do so. Nevertheless, it is anxious to ascertain the precise nature of the Hungarian offer and attitude. Please, therefore, without departing from the above stated position of this Government, make discreet and informal inquiries from such sources as are available to you concerning following principal uncertainties:

Have deportations been definitely stopped for all categories or only suspended, and if so, for how long

- 2 -

and for what categories?

To what extent will Jews in Hungary be permitted and in fact enabled to procure food and other necessities through ordinary, commercial channels and aside from Intercross action?

To what extent is it possible to expect that stoppage of deportations and other forms of actual danger to life would continue even in the absence of actual sizeable emigration of Jews from Hungary during hostilities?

To what extent is emigration to countries other than Palestine permitted to Jews over ten years of age?

Could emigration be conducted in such a way as to prevent breaking up of families, with children under ten separated from parents?

To what extent, in view of internal situation in Hungary, it is possible to count on Hungarian promises being made effective and continuing up to the termination of hostilities?

Please advise Department and Board as soon as possible of answers to any of above questions.

3. In the light of military and political situation, it appears here that main emphasis should be placed now on inducing appropriate Hungarian circles to maintain and strengthen the newly reported relaxation of Jewish regime in Hungary and to apply such relaxation to all categories of Jews in Hungary. Preventing deportations and assuring tolerable living conditions for all Jews in Hungary, if feasible, seems more important than assistance in clandestine escape of individuals and groups. Please advise of any information and developments on this point.

4. With reference to 230 from Amembassy London to you, the broad program envisaged above and in Department's 2657 might be jeopardized by limited scope of approach suggested by said 230 from London. Therefore, it is not (repeat not) thought advisable that you limit any of your demarches to children under ten and the supply problem which are the only items dealt with in 230 from London. But you are authorized, of course, to give the assurance concerning availability of supplies for Hungarian refugees through blockade in line with 230 from London.

- 3 -

Repeated to Amembassy London as No. 6725 with this opening sentence: For your information, cable of August 23, No. 2900, to Bern repeated below.

THIS IS WRB BERN CABLE NO. 129

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: SECRETARY OF STATE, WASHINGTON
TO: AMERICAN LEGATION, BERN
DATED: August 23, 1944
NUMBER: 2898

CONFIDENTIAL

FOLLOWING FOR McCLELLAND FROM WAR REFUGEE BOARD:

Reference your number 5195 of August 11, 1944.

Remittance of 125,000 dollars being made through regular banking channels to Minister Harrison for your account.

THIS IS WRB BERN CABLE No. 134.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: August 23, 1944
NUMBER: 2896

CONFIDENTIAL

Please deliver the following message to Noel Field, 12 Rue du Vieux College, Geneva, from Raymond Bragg of Unitarian Service Committee:

"NEVER OPPOSED TO PROJECTS YOU SUGGEST FOR YUGOSLAVIA
CZECHOSLOVAKIA HUNGARY ADDITIONAL FRANCE. APPLYING 20000
DOLLARS REALLOCATION AND LICENSES. TRUST TRANSFER POSSIBLE
SOON. URGE CAUTION IN COMMITMENTS NEW WORK PARIS -
EXTENSIVE PLANNING BEING CARRIED FORWARD HERE. COMMITTEE
HEARTILY COMMENDS YOUR MESSAGE TO UNITARIAN CHURCHES OF
HUNGARY"

THIS IS WRB CABLE TO BERN NO. 136.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
 TO: American Legation, Bern
 DATED: August 23, 1944
 NUMBER: 2899

CONFIDENTIAL

FOLLOWING FOR MCCLELLAND:

The following information has been forwarded to Department by Ambassador San Salvador on August 10:

QUOTE 1. The Salvadoran Government sometime ago requested the Swiss Government to assume representation of Salvadoran interests in Hungary. The Salvadoran minister for Foreign Affairs informed me this morning that this arrangement is now definitely in effect.

2. The Salvadoran Minister for Foreign Affairs further informed me as follows:

- (a) The Salvadoran Government will notify the Swiss Government that passports and other documents issued in its name to persons in Hungary subject to persecution will be recognized and confirmed;
- (b) The Hungarian Government is to be so advised, and also that it is expected that persons holding such passports and other documents will be accorded the treatment, rights, privileges, and immunities of nationals of the Government of El Salvador; and
- (c) The United States is authorized to negotiate for the exchange of such persons. In this latter connection I assured Dr. Avila that in the event of such negotiations every preference will be given by the United States to unquestioned nationals of El Salvador and that the Government of El Salvador will not be expected physically to receive other persons, who, if exchanged, will be sent to other destinations. UNQUOTE

In view of your 5233 of August 12, the use to be made of foregoing information is left to your discretion.

THIS IS WRB BERN CABLE NO. 137

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: August 23, 1944
NUMBER: 2895

CONFIDENTIAL

THE FOLLOWING FOR MCCLELLAND FROM WAR REFUGEE BOARD

Board approves your support (including financial aid) of the two programs reported in your No. 4904 of July 31 and your No. 5343 of August 17. You are authorized to continue such support as long as you deem it advisable.

THIS IS WRB BERN CABLE NO. 138

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: American Legation, Bern
 TO: Secretary of State, Washington
 DATED: August 23, 1944
 NUMBER: 2897

CONFIDENTIAL

CABLE FOR MINISTER HARRISON AND McCLELLAND, BERN, SWITZERLAND,
FROM DEPARTMENT AND WAR REFUGEE BOARD

Re Department's 2769 of August 11. War Refugee Board is prepared to ship within next 72 hours total of 15,000 parcels (three-kilo) for distribution by Intercross to unassimilated persons in camps. Amcross shipping for War Refugee Board via Gothenburg. In addition to food contents each parcel contains receipt card modeled after Amcross POW receipt card with the exception that the name Intercross is substituted for Amcross and reference to the term "prisoner of war" has been eliminated.

Suggestion is made that Intercross prepare at once 15,000 labels to be affixed to said parcels at Gothenburg. Parcels then to go forward to Northern German ports via same facilities as Amcross POW packages, to be thence despatched via post to detained persons. Please secure at once from Intercross confirmation this proposed plan for handling three-kilo parcels or their substitute method of handling from Gothenburg onward so that matter can be cleared with London for approval.

HULL

THIS IS WRB CABLE TO BERN NO. 139.

CABLE TO MINISTER HARRISON AND McCLELLAND, BERN, SWITZERLAND.

Please convey to M. Pilet this Government's warm appreciation of Swiss Government's consent to give temporary refuge to 8,000 holders of Palestine certificates from Hungary in addition to proposed asylum for expectant mothers and children.

Please transmit to the Swiss Government informally our suggestion that it would be helpful if a public statement of the Swiss Government's action was issued, so as to make impossible for Hungarians and Germans to plead that emigration is not feasible, and to give an example to other governments.

THIS IS WRB CABLE TO BERN NO. 140

9:45 a.m.
August 23, 1944

BAKzin:JWP:dg 8/22/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: August 23, 1944
NUMBER: 2908

~~CONFIDENTIAL~~

FOLLOWING FOR McCLELLAND:

Please convey to M. Pilet this Government's warm appreciation of Swiss Government's consent to give temporary refuge to 8,000 holders of Palestine certificates from Hungary in addition to proposed asylum for expectant mothers and children.

Please transmit to the Swiss Government informally our suggestion that it would be helpful if a public statement of the Swiss Government's action was issued, so as to make impossible for Hungarians and Germans to plead that emigration is not feasible, and to give an example to other governments.

THIS IS WRB CABLE TO BERN NO. 140

HULL

CABLE TO MINISTER HARRISON AND MCCLELLAND, BERN, SWITZERLAND

Reference is made to Department's 2486 of July 21 and your 5279 of August 15.

Please request Swiss Foreign Office to ask Swiss Legation Bucharest to transmit information contained in your 5279 to Schleifers and Neulanders.

Schleifers and Neulanders should also be advised to communicate, upon arrival in Turkey, with American embassy regarding United States immigration visas for children.

THIS IS WRB CABLE TO BERN NO. 141

9:45 a.m.
August 23, 1944

BAkzin:ar 8/21/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: AMERICAN LEGATION, BERN
TO: Secretary of State, Washington
DATED: August 23, 1944
NUMBER: 2909

CONFIDENTIAL

CABLE TO McClelland.

Reference is made to Department's 2486 of July 21 and your 5279 of August 15.

Please request Swiss Foreign Office to ask Swiss Legation Bucharest to transmit information contained in your 5279 to Schleifers and Neulanders.

Schleifers and Neulanders should also be advised to communicate, upon arrival in Turkey, with American Embassy regarding United States immigration visas for children.

THIS IS WRB CABLE TO BERN NO. 141

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: August 23, 1944
NUMBER: 5499

CONFIDENTIAL

MCCLELLAND SENDS THE FOLLOWING FOR WRB.

Reference is made herewith to Department's cable of July 11, 1944, No. 2375.

From Freudenberg for Leland Rex Robinson, Committee for Christian Refugees.

At the present time there are in Switzerland the following Christian Italian civilian refugees: 33 women and 103 men who are Protestants and 470 women and 2894 men who are Catholics. Among the 25,000 odd Italian military internees the percentage of Catholics and Protestants is about the same.

HARRISON

DCR:IDB:FB 8/24/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: August 23, 1944
NUMBER: 5502

CONFIDENTIAL

FROM MCCLELLAND FOR WRB.

THE FOLLOWING FROM RENE BERTHOLET FOR FRANK KINGDOM,
INTERNATIONAL RESCUE AND RELIEF COMMITTEE

1. At the end of June the Gestapo arrested Danny in the south of France and Danny was probably taken to Germany. Activity of Marseille committee up to November, 1942, was well known to the Gestapo. It is requested that Fry be informed.

2. Please advise members of different families for whom we cabled by ordinary channels previously that money not sent through us or the Quakers is not used for immediate aid but goes to Swiss Volks-bank as compulsory savings for future emigration.

3. With the help of Mrs. Kaegi, I intend to open an office in France very soon. Your advice and opinion regarding this is awaited.

HARRISON

DCR:IDB:FB 8/24/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: August 23, 1944
NUMBER: 5517

SECRET

MCCLELLAND SENDS THE FOLLOWING FOR WRB.

We refer herewith to Legation's telegram of August 11, 1944, No. 5197.

On August 21 there arrived in Switzerland 320 of 500 Hungarian Jews transferred to camp of Bergenbelsen who were to be unconditionally released by the Gestapo. On August 22 or 23, 200 more are due to arrive. These people appear to be principally from Budapest and Kolosvar and are mixed group of both sexes ranging from two to eighty-two in age. Among the 320 who have reached Switzerland are certain rabbis and other members of the original convoy of 1200 (see Department's cable of August 17, 1944, No. 2834) which actually turned out to be composed of 1690 persons.

HARRISON

DCR:IDB:FB 8/24/44

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

August 23, 1944

4 p.m.

AMEMBASSY,

ANKARA.

734

The following for Hirschmann is WRB 103.

For special and important reasons the War Refugee Board is extremely anxious that everything possible be done to locate and rescue, if possible, Nicolas von Karman whose last known address was Hungarian Czechoslovakian Industrial Bank, Nador Utca 5, Budapest, Hungary. Please investigate and advise urgently of anything you may be able to ascertain concerning this matter.

HULL

(GLW)

WRB:MMV:KG
8/22/44

NE

SE

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

August 23, 1944

5 p.m.

SECRET "W"

War Refugee Board

EMBASSY,
ANKARA.

735

The War Refugee Board cable 104 below is for Hirschmann.

Please refer to your No. 1516 of August 18 (Ankara No. 135).

You are authorized to indicate to the Bulgarian authorities through appropriate channels that this Government is continuing to watch with great interest the status and treatment of Jews in Bulgaria and the action of the Bulgarian authorities with respect thereto. You may also indicate that if the Bulgarians are really interested in this matter, they will not only bring to an end immediately persecution of Jews in Bulgaria and the legal dispositions which made this possible but will also permit the entry into Bulgaria of Jews escaping from Hungary and furnish to them temporary havens of refuge.

It is our view that an appropriate occasion for any favorable publicity concerning the attitude of the Bulgarian authorities would present itself only after effective action has been taken by them.

We assume that you will inform us of any such specific action.

Your efforts in this whole matter are greatly appreciated.

HULL
(GLW)

WRB:MMV:KG
8/22/44

CSS-267
Distribution of true
reading only by special
arrangement. (SECRET W)

Ankara
Dated August 23, 1944
Rec'd 3:42 p.m.

Secretary of State,
Washington.

1542, August 23, 3 p.m.

FOR PEHLE WRB FROM HIRSCHMANN ANKARA'S NO. 138

It is regretted that any statement in my 1414 of August 2 was subject to misconstruction (re Department's 697 August 12), especially in view of extreme precautions I have taken in strictly limiting scope of these conversations exclusively to question of Board's immediate rescue program. All of my conversations with Balabanoff as well as with Cretzann and Baron Thierry as reported to you have dealt only with immediate situation connected with rescue of refugees and have not dealt with other matters.

Insofar as concerns your request that discussions must not enter into field of domestic affairs of Bulgaria and Rumania I desire to point out that it is difficult if not impossible to separate completely question of persecution and pauperization of a vital element of population of a country from our efforts to salvage or rescue this population. It is only in this connection that I offered my views to the Board as set forth in paragraph 6 of Embassy's 1414.

I have repeatedly informed Department and WRB of utmost caution which I have been observing in these conversations as I am thoroughly aware of possibility of misinterpretations by the enemy. Any interpretations which may be made in respect to matters relating to any subject other than the Board's rescue program are completely unjustified on the part of the Rumanians, Bulgarians or Hungarians.

The WRB and the Department may be assured that nothing in my conversations can lend itself to any interpretation other than that I am interested solely in the rescue of refugees and I am convinced that the Rumanian, Hungarian and Bulgarian representatives with whom I have talked have not construed these conversations which we are finding extremely helpful in the furtherance of the Board's rescue program as implying any interest on my part in anything other than the rescue of refugees.

WSB

KELLEY

NCB-516
 Distribution of true
 reading only by special
 arrangement. (SECRET W)

Ankara

Dated August 23, 1944.

Rec'd 5 p.m., 24th.

Secretary of State,
 Washington.
 1546, August 23, 5 p.m.

FOR PEHLE WRB FROM HIRSCHMANN ANKARA NO. 139.

Supplementing the Embassy's 1514, August 18, which outlined the new arrangement relating to Turkish transit visas to be issued in Budapest, Constanza and Burgas you are informed that the Bulgarian Government has offered (REDEPTEL 678, August 4) to allow the ships VISA and PIRIN to be used for the transport of refugees to Istanbul from Burgas it is hoped that one of these ships will make a trip every ten days carrying refugees to whom transit visas have been granted by the Turkish Consuls. It was contemplated that the refugees who would be permitted to leave Bulgaria by rail (*) number of 400 to 500 weekly would be transported by the (*) tituted for them in view of the fact that a delay may occur in starting the operation of the boats Mr. Kelley has requested the Turkish authorities during this interim period to make provision for the movement of the refugees by rail. His request has been granted.

This new arrangement represents a new departure by the Turkish authorities in respect to transit facilities through Turkey for refugees from the Balkans destined for Palestine. In our opinion it is a broad concession since the arrangement lays the basis insofar as the Turks are concerned for very substantial rescue work through this country. The arrangement is the successful culmination of the Board's efforts and of a series of representations by Mr. Kelley to the Ministry for Foreign Affairs on various aspects of the arrangement. The Embassy has also made representations on certain phases of the arrangement.

Also for your information while we are informed that Rumania has definitely agreed to provide transit facilities for refugees from Hungary, our efforts to secure a similar concession from the Bulgarian Government are still proceeding. Meanwhile we are exerting every endeavor to facilitate emigration in every way possible under the arrangement.

Despite

-2- #1546, August 23, 5 p.m., from Ankara.

Despite the broad scope of the new arrangement complications arise so suddenly that the movement of refugees may continue to be delayed. It has been confirmed to us today by the International Red Cross that although 2195 Jews in Hungary have all their visas in order including transit visas the German authorities in Hungary have not yet granted permission for these people to depart.

KELLEY

WWF-NPL

(*) Apparent omissions will follow.

DEPARTMENT OF STATE
DIVISION OF

FBM

1944 AUG 31 AM 9 21

COMMUNICATIONS
AND RECORDS
(LIAISON)

AIRGRAM

London

Dated August 23, 1944

Rec'd 5 p.m., 29th.

Secretary of State,

Washington.

A-1027, August 23, 1944

FOR SECRETARIES OF STATE AND TREASURY

A series of three feature articles by a special correspondent has appeared in the Times of August 21, 22 and 23, entitled "World Monetary Policies". Number I "The Background of Bretton Woods" deals with "Lessons of the Inter-War Period;" No. II "Maintaining the Balance of Trade" deals with "causes of disequilibrium;" and No. III "Controlled Trade and Free Payments" describes "The Dilemma for Britain."

These articles seem to elaborate the views expressed by F. E. Schumacker in the article in the Sunday Observer of July 30th, the full text of which was forwarded in Airgram No. 974 dated August 9th. Copies are being forwarded by air mail. The following is a very condensed indication of their general content:

The first article finds the between-the-wars experience a conclusive proof that a multilateral system will not work, and sets out four conditions necessary for restoration of expanding world trade, viz:

1. Steady domestic expansion in all major countries,
2. Quantitative controls of staple foods and materials,
3. Provision of stability required for efficiency in modern industry, unbridled competition being inimical to large-scale investment and long-range development,

4. Emphasis

-2- #A-1027, August 23, 1944, from London

4. Emphasis on intimate collaboration between some nations, rather than a vague collaboration between all - of vastly unequal size.

The second article begins by pointing out that the Bretton Woods agreement does not specifically prohibit members from using many of the devices of the thirties - barter, refusal of imports, quotas, et cetera - but payments once due must be free, at agreed rates of exchange, and freely convertible into any other currency. The writer then asks:

1. Whether the scheme provides a workable basis for world economy without resort to these devices, and
2. If not, could they be applied without infringement of the currency stipulations of the scheme?

He believes that, e.g. in Great Britain's case, the Fund and the Bank would not provide the means to maintain equilibrium without conscious control, and that the alteration of currency rates (the only means provided) might not be adequate, especially if a major slump should occur in the United States.

The third article, on the assumption that quantitative controls will be necessary to maintain equilibrium, argues that such controls for staple products can be devised through commercial policy, but for manufacturers they cannot be regulated without resort to currency practices which have been outlawed by the Bretton Woods Conference.

This article also asks how far regional commercial arrangements can be accommodated within the Bretton Woods framework.

WINANT

KAHE :KGB

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTEL No. 275

Information received up to 10 a.m., 23rd August, 1944.

1. NAVAL

On 22nd one of H.M. Frigates sunk and one of H.M. Escort Carriers damaged off NORTH CAPE. One of H.M. Minesweepers was sunk by mine south of NAB Lightship afternoon 22nd. Crew saved.

BAY OF BISCAY. Two of H.M. Cruisers and one of H.M. Canadian Destroyers off BELLE ILE last night destroyed a minesweeper, an A/A ship and another small ship. Later same force sank 2 A/A ships and 2 cargo vessels off LORIENT.

MEDITERRANEAN. 20th. First Liberty ship berthed alongside at LEGHORN. 20th/21st. One E-boat sunk, another set on fire and beached PROVENCE assault area. 21st. One of H.M. Monitors struck two mines off MALTA and was towed into port.

2. MILITARY

FRANCE. U.S. troops have established bridgehead over YONNE at SENS. They have also made substantial advance north westwards reaching general line GAILLON-EVREUX-CONCHES. U.K. and Canadian troops have made general advance eastwards to approximate line LAIGLE-ORBEC-LISIEUX, thence down river TOUQUES to coast. Mopping up of 'pocket' area reported complete.

SOUTHERN FRANCE. Advance has continued to north and west. In the north U.S. troops have captured Gap and are within 6 miles of CELLES. Other U.S. troops are advancing westwards from AIX. French forces have cut communications west of TOULON by capturing LE BEAUSSET and BANDOL.

RUSSIA. Russians have cut TARTU-VALKA railway Northeast of WARSAW they have cleared Germans from south bank of BUG on front of 40 miles. In the south, they have opened a new offensive in ROUMANIA where they have captured JASSY and advanced up to 35 miles and another in BESSARABIA, south of TIGHINA, where they have advanced up to 40 miles.

3. AIR OPERATIONS

WESTERN FRONT. 22nd. Bad weather again restricted operations. 12 Mosquitoes attacked railways Central France and 561 fighters on reconnaissance over battle area destroyed about 100 motor vehicles and damaged many others. 22nd/23rd. All bombing operations cancelled owing to weather. One German aircraft shot down over KENT.

SOUTH GERMANY AND AUSTRIA. 20th/21st. 81 Allied bombers (6 missing) dropped 201 tons on armaments factory STEYR. 22nd. 555 escorted Fortresses and Liberators from Mediterranean dropped 268 tons ODERTAL Oil refinery 75 miles southeast of Breslau, 258 tons BLECHHAMMER Oil Refinery 55 miles south of East of Breslau, 333 tons LOBAU Oil storage depot 40 miles east DRESDEN, and 207 KORNEUBURG Oil Refinery near VIENNA. Enemy casualties 55, 10, 10. Ours - 39 bombers, 6 fighters missing.

ITALY AND SOUTHERN FRANCE. 21st. 913 medium and light bombers and fighters (2 missing) attacked communications and other military objectives.

4. HOME SECURITY

During 24 hours ending 6 a.m., 23rd, 72 flying bombs plotted.

August 24, 1944
9:13 a.m.

HMJr: Hello, Olrich. Tell me something. Did you hear again from Clayton last night?

Ernest
Olrich: Yes, sir. I talked to Mr. Clayton at eleven o'clock last night after I got home from your very enjoyable evening.

HMJr: Yes.

O: And I am to see Mr. Jim Brownley at -- sometime today; that is, I am to attempt to make an appointment with him.

HMJr: Oh. Well, the last I talked with Clayton, Brownley was to have called him back.

O: That's right. Well, he called him back.

HMJr: Yes.

O: And they had a -- a talk at great length.

HMJr: Yes.

O: And then Mr. Clayton tried to reach me.

HMJr: Yes.

O: I was with Senator Eastland last night.

HMJr: Senator what?

O: Eastland of Mississippi.

HMJr: You were with

O: Before I came to your

HMJr: Yes.

O: party.

HMJr: Yes.

O: And he was talking about Mr. Clayton and the Clayton Bill, and he couldn't reach me and then the note was at my home, and then I called him.

- 2 -

HMJr: Yes.

O: And he told me that he had a long talk with Mr. Brownley after I had called him at your suggestion.

HMJr: Yeah.

O: And I am to meet with him today. He did say, however, that they took the action they did because I hadn't answered a certain letter.

HMJr: Yeah.

O: I told Mr. Clayton -- I said the reason the letter hadn't been answered, we asked for an extension and we were told we couldn't get it, and I said the information they asked, the suit could be tried and done for before I could get that out. And I said, also, that Mr. O'Connell, himself, had said that the Counsel's office at the O.P.A. had been anything but frank with him.

HMJr: Yeah.

O: That -- and my counsel told me not to answer their letter.

HMJr: Yeah.

O: So I will let you know just as soon as I make an appointment. Now, Mr. Lynch, who has all of my papers....

HMJr: Yeah.

O: is on his way over to my office....

HMJr: Yeah.

O: to discuss it before I see or attempt to make an appointment with Mr. Brownley, which I will do as soon as I see him.

HMJr: Why don't you take Lynch with you? What would you think of that?

O: Well, then he might want to take his counsel with him.

HMJr: I see.

O: And I don't want to talk to him because I have -- I feel that they -- the counsel -- the legal end of it wants to go ahead with this.

HMJr: I see.

O: They were defeated in the Kraft case in Wisconsin. They attempted to say that the leasing agreement that the Kraft Cheese Company has with twenty-nine cheese producing people in Wisconsin was a violation and a subterfuge to increased prices and the court threw the whole thing out; said they hadn't substantiated their point at all.

HMJr: Yeah. Okay.

O: Righto.

HMJr: Let me know.

O: Yes, I will. Thank you, sir.

August 24, 1944
9:30 a.m.

GROUP

Present: Mr. D.W. Bell
Mr. C.S. Bell
Mr. White
Mr. Gaston
Mr. Blough
Mr. Pehle
Mr. Haas
Mr. Luxford
Mrs. Klotz
Mr. Smith

H.M.JR: Are you sending this fellow overseas?

MR. GASTON: Yes.

Mr. Sullivan is ill this morning but expects to be down around noon.

H.M.JR: What else?

MR. GASTON: Nothing else of importance.

Some of the Senators are showing a great anxiety to see the Treasury's investigative report on Burke, Collector of Customs in Massachusetts. I have been consulting the legal authorities and the White House as to whether we ought to gratify their wishes and let them see our investigative report on Burke. I haven't done it yet.

H.M.JR: They haven't confirmed him yet?

MR. GASTON: No, they haven't voted on him yet.

MR. LUXFORD: The problem is to avoid another Jonathan Daniels. They got in a real fight as to whether or not

- 2 -

Jonathan Daniels would have to report. While you may have the legal authority to say whether or not you will reveal the report, you may get into political trouble.

MR. GASTON: This is a case of individual Senators.

H.M.JR: Such as?

MR. GASTON: One is Sinclair Weeks, Republican Senator from Massachusetts who succeeded Lodge. Another is Wherry of Nebraska. Neither of them is a member of the Committee which will pass on Burke.

H.M.JR: I certainly resisted it as long as possible.

MR. GASTON: I have talked to Jim Byrnes at the White House. He said I should talk to the Department of Justice as to their custom. He tells me that Tamm told him, contrary to what Wherry told me, that FBI does not allow even committees to see their reports, that they do sometimes, in extraordinary cases, send a man up with a resume of a report and read that to the Committee.

H.M.JR: Well, I won't worry until you tell me to.

MR. GASTON: I don't think there is anything to worry about at all.

H.M.JR: What happened to us vis-a-vis the FBI?

MR. GASTON: Nothing new has happened because just about the time - just a day or two after I spoke to you - McGranery and Biddle went out of town for a tour of the country and they are still absent, I think.

H.M.JR: They haven't pinched anybody else?

MR. GASTON: No new case has come up at all. They did start a Procurement investigation in which we were already engaged. They sent a man over to Procurement to get some information. They were referred to Mr. Irey and Irey would

- 3 -

hardly talk to them. He told them we were investigating that matter and would they please keep out of it. He said he would make a report to that effect back to his headquarters. We haven't heard from him since.

H.M.JR: Anything else?

MR. GASTON: Nothing else.

MR. LUXFORD: Did you see the report in this morning's paper that the Foreign Minister of Brazil had resigned?

H.M.JR: I saw that.

MR. LUXFORD: Apparently it has some connection with the question of recognizing Argentina.

H.M.JR: Which way?

MR. LUXFORD: Aranha opposed it, and the Army, and Brazil was putting pressure on Vargas to permit the recognition of Argentina, notwithstanding the view of the U.S. That is the report out of B.A.

MR. PEHLE: Brazil says that it doesn't necessarily mean any change in her policy, but it is like the occasion on which Mr. Welles left the State Department.

H.M.JR: Who said that?

MR. PEHLE: The Brazilian Government said, "It is just like your kicking Mr. Welles out," but it sounds very bad, it seems to me - very ominous - if Brazil is getting soft now.

MR. LUXFORD: That is all I have.

H.M.JR: Can't do any more than lay it right on the line the way I did.

MR. PEHLE: No.

- 4 -

MR. SMITH: I have nothing.

MR. HAAS: I have nothing.

MR. BLOUGH: Eldon King reporting on his trip - you haven't heard a report on that - says that so far as South Africa is concerned, they reached very quickly an amicable agreement on double taxation for both income and death taxes; that although the early negotiations were quite unsatisfactory, the later ones were much more promising; and the British are sending some people over in September, and are now quite optimistic of being able to reach some agreement.

The Canadian treaty on death taxes has passed the Canadian House of Commons but has not yet been sent up to the Senate by the State Department here.

H.M.JR: Does that mean you go to England?

MR. BLOUGH: No.

H.M.JR: What else?

MR. BLOUGH: Spring has gone, now!

MR. WHITE: I have nothing.

H.M.JR: You stay behind, please. (To White)

Daniel?

MR. D.W. BELL: Harry, I thought you might bring the Secretary up to date on that Italian press release that he proposed to send to the President some two weeks ago.

MR. WHITE: The matter that might be called to your attention is the press release which is going to be issued informing the world that we are going to give the Italians dollars for the lira we have used in payment of our troops. We will also inform them that our treatment is somewhat different than the British treatment, and the press release is not liked by the British, but the State Department, which

- 5 -

has the chief responsibility for the political relationships, wants to issue it. So it has been shown to the British and they have commented on it. Some changes have been made in deference to their views. It still remains unsatisfactory to them, but it is about to be issued. War, State, FEA, and the Treasury are in agreement on it.

It is one of the few times, I think, when something like this has been done, notwithstanding the objection of the British.

There is another item, while we are on that. We tried to get agreement with the British and the Russians on the German rate of exchange. We sent a cable to our Ambassador embodying the views of State, War, and Treasury, after we had cleared with the British.

H.M.JR: When was this?

MR. WHITE: About two weeks ago.

H.M.JR: While we were away?

MR. WHITE: No, right before we left. We gave instructions that he transmit this cable to the Russian Finance Minister. Prior to that we had talked to the Russian technicians here, and they would have like to have us handle it that way.

We also, I think, sent them a copy of the cable. I am not positive, but we told them what we were doing. Ambassador Harriman, instead of transmitting the cable, took it up with the British Ambassador - or the British Ambassador took it up with Harriman, I don't know which - and they both agreed to refer the cable back to us on the grounds that there were somewhat different instructions. Because the British had made a different rate of exchange than we did is one of the possibilities.

- 6 -

They sent it back here, and the British now are drafting another cable which they want us to send, which is significant only because of this characteristic - it is a preferable cable, and it tells the Russians what the British and Americans have agreed on.

H.M.JR: What have we agreed on?

MR. WHITE: Well, we don't agree with what they say we agree, but they say we have agreed on a rate between five and eight.

Actually, we said between six and ten, and we would agree on an eight rate. That isn't a significant matter, I think.

H.M.JR: That is not what I have been told by you. We never said anything below ten.

MR. WHITE: Oh, we said that we probably would agree on an eight, that they wanted six, we wanted ten, and we probably would come to an agreement on an eight, although we haven't, yet.

H.M.JR: Harry, you didn't inform me.

The last I heard was that people around the town, outside the Treasury, wanted twenty cents, and we were asking for ten.

- 7 -

MR. WHITE: That is right, and what we said was that the British wanted six, and we wanted ten.

MR. D. W. BELL: The British wanted five.

MR. WHITE: They have changed their minds. We wanted ten, and it might be necessary in order to get together to compromise on eight. That is what we said in the cable. The British want to say that they want five and we want eight and they may get together on six or something like that. That is one aspect of it that we won't go into, but the other aspect I thought you would be interested in is in your pursuit of their very clear policy that they should always confront the Russians with the appearance that they have agreed with the Americans--confront the Russians with a joint agreement by the Americans and the British, instead of making the tri-partite arrangement, which is the desire of the State Department. So we have that cable now. We will have to change it.

H.M.JR: You are going to have to change it completely, because I don't agree to that.

MR. WHITE: You mean the rate, or the approach?

H.M.JR: The rate; I don't want any rate.

MR. LUXFORD: Isn't that what this contemplates?

MR. WHITE: I thought the understanding was that you would go in without setting an official rate, but this rate would apply for military purposes of pay.

H.M.JR: I have never been consulted on this thing since we came back.

MR. WHITE: This is the first that has happened since we have been back. Do you want to go into it again?

H.M.JR: From scratch, the whole thing.

MR. WHITE: All right. The cable hasn't gone forward.

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H.M.JR: The policy I want to pursue and have the Treasury pursue is, I want to let the German economy seek its own level and stew in its own juice.

MR. WHITE: I think we are in agreement on that. Are we also in agreement on something that I thought you were not in agreement on? You remember, we wanted to give the soldiers some marks to spend, and the original suggestion which was made here was that we would not set any rate, but just advance the American soldiers some marks and say they would be settled later.

H.M.JR: Look, Harry, you will have to put the whole thing together in one piece; you will have to do it between now and noon tomorrow.

MR. WHITE: On this thing, I think the sooner the better.

H.M.JR: I am ready. I want to be consulted and re-examine the whole thing.

MR. WHITE: I thought this was in line with your earlier decision.

MR. D. W. BELL: I think we have to have an accounting rate if nothing else.

H.M.JR: Will you be ready at ten o'clock?

MR. WHITE: We are ready as soon as you are.

H.M.JR: I will see you people at nine-thirty tomorrow morning?

MR. WHITE: You couldn't make it today?

H.M.JR: No. Why should I hurry? Nobody else hurries.

MR. WHITE: Well, the soldiers are hurrying.

H.M.JR: I mean, I have been here and nobody brought it up.

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MR. WHITE: The cable would have gone forward in the same form we sent it last time.

H.M.JR: If you fellows are ready, I can do it after Brand leaves this morning.

MR. WHITE: We are ready.

H.M.JR: You mean you will be.

MR. WHITE: We will be. We have the cable written.

H.M.JR: It will be sometime between eleven-fifteen and eleven thirty. I very definitely want to be consulted on this stuff. I am glad you brought it up, Dan.

MR. WHITE: You were consulted. You took a definite position, I think.

H.M.JR: But since then I have gone to Europe.

MR. WHITE: Well, I didn't know this was even in violation of that, but it is all right. Let's re-examine it if there is any doubt about it, by all means.

H.M.JR: The last anybody said to me was ten cents.

MR. WHITE: That is true.

MR. D. W. BELL: That is right. Glasser asked you for permission to try to get everybody in town to agree on ten cents, and I think he did get everybody to agree until they got to the British; the British wanted five cents or something lower.

H.M.JR: This is the first time I have heard that the British wanted anything below ten cents.

MR. WHITE: Oh, yes, they wanted less.

(Mrs. Klotz enters the conference.)

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MR. WHITE: It is unimportant, but it is an illustration of consummate brass on the part of the British to do what they have done with the cable and the rate.

H.M.JR: I will see you people afterwards if you are ready.

MR. D. W. BELL: I haven't anything.

MR. WHITE: I presume it is all right to go ahead on that Italian thing, notwithstanding the British Treasury's position?

H.M.JR: Sure.

MR. D. W. BELL: If that could be ready before the Secretary leaves tomorrow, he ought to sign it.

MR. WHITE: It is ready now.

MR. C. S. BELL: We would like to completely overhaul your air conditioning unit that services these offices for the next two weeks, so it may be cut off. I think it is wise to do it now, because the heat is depending on that. It hasn't been touched in quite some time.

H.M.JR: You can start Saturday morning.

MR. C. S. BELL: You may be interested to know that we are going ahead with the music in the cafeteria and the soundproofing over the entire ceiling to make it much more pleasant.

Here is the exhibit you asked for the other day, the exhibit of the inserts and envelopes. That includes practically every one for the last year. (Hands book of exhibits to the Secretary)

H.M.JR: Which of these are current?

MR. C. S. BELL: It starts out on a current basis.

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H.M.JR: Fred, will you review what they are doing and talk to me about it tomorrow? (Hands book to Mr. Smith.)

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

Conference in the Secretary's Office
August 24, 1944 11:00 A.M.

Present: Secretary Morgenthau
Mr. D. W. Bell
Mr. White

Mr. Brand, U. K. Treasury
Representative

Mr. Brand said that he had received word from London touching on some of the discussion Secretary Morgenthau had had with Sir John Anderson, and that he would like to take the opportunity of following up that discussion and present to Secretary Morgenthau the problems with which his Government was confronted in international economic affairs. The Secretary asked that he proceed in his own way.

Mr. Brand began by saying that from the end of the war with Germany to the end of the war with Japan which they (the British) refer to as "stage 2", the British Government needed to shape her plans for a reallocation of her manpower. During this period the British people would not stand for 100 percent mobilization. They would want fewer hours of work, more holidays, more consumption goods. And during this period England would also have to make some preparation for resumption of her export market. England would have to transfer some of her productive effort from war goods to consumption goods and export goods as well as to reduce her total effort. Mr. Brand said that raised the problem as to how much armaments England should produce and how much she should receive as lend-lease.

Brand said he did not have any figures but it looked as though they still would need food, oil and shipping on lend-lease. Any attempt to estimate the extent to which the British would curtail their production of munitions and transfer the released productive forces to peacetime goods would depend entirely on a decision that would have to be made by Churchill as to the extent to which the British Government was going to participate in the Japanese war. Until the degree of mobilization for that war was known these other questions could not be satisfactorily discussed, but he was certain of one point, namely, that the British would have to back away from 100 percent mobilization for war and would have to relax some of their effort and transfer a greater part of their productive resources to peacetime needs.

Mr. Brand said that the settlement of those problems was urgent and would have to be settled before discussion of stage 3 was undertaken. (Stage 3 was the period after the defeat of Japan.)

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He said that the international position that Britain would be left in after the war was doubtless known to the U. S. Treasury. Their current commercial exports had dropped to 30 percent of their pre-war commercial exports and they would need 50 percent more exports than they had prior to the war. That meant that their current exports would have to be increased five times in order to give them their necessary imports. He spoke of the increasing sterling balances due by England to other countries and the necessity for making some settlement of the huge sterling balances in England.

The Secretary stated that he had mentioned to Churchill and to Sir John Anderson, and he would like to be frank with Mr. Brand, that if he were to have anything to do with working out the over-all problem of England it would have to be centralized in the Treasury; that he could not have the British Government representatives going around back-door to various agencies and attempting to play off one agency against another. He said that if we were to examine the over-all program and try to work something out that the British would have to cooperate fully and make available to us all of the information that we wanted, and the British Treasury would have to deal only with and through the Treasury on the matter. Mr. Brand said, "I agree with you from the bottom of my heart", and that he would be only too happy if the President were to indicate what particular agency they should do their business with. He said naturally the Treasury would be the most appropriate. The Secretary said that he had mentioned to the President some of the matters he had spoken to Churchill about and that the President seemed most likely to look forward to hearing from Mr. Churchill on the matter. The Secretary said that there were a lot of aspects to the problem: shipping, lend-lease, exports, munitions shipments, and all of these things have to be centralized, and considered by one group. He cited our negotiations with Canada and also the fact that Eden, to whom he had mentioned the matter, said that that was the way they handled their Russian negotiations.

The Secretary said that he was glad he had had this opportunity of having a frank talk with Mr. Brand and wanted Mr. Brand to feel free to see him at any time on these matters. In the meantime, they would have to wait until the Prime Minister raised the issue with the President.

H. D. White

August 24, 1944
11:30 a.m.

GERMAN EXCHANGE RATES

Present: Mr. D.W. Bell
Mr. White
Mr. Glasser
Mrs. Klotz

H.M.JR: Come on, Mr. White.

MR. WHITE: This is the cable on which the basis of our reply is going to be. This was sent on the 7th. (Refers to attachment No. 1)

H.M.JR: Seventh of what?

MR. WHITE: Seventh of August. I cleared this before I left.

H.M.JR: With whom?

MR. WHITE: I mean, I approved it. Excuse me.

This represents your view, wholly. You may have changed your mind since, but at that time this represented your view.

H.M.JR: That is the point. What did I go to Europe for?

MR. WHITE: That is right.

H.M.JR: I don't know about this eight-mark compromise. That is the part that was news to me. Where do we go from here?

MR. WHITE: This telegram - he and the British Ambassador got together and saw that the communications were different,

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and so he sent back a cable.

H.M.JR: Who sent back?

MR. WHITE: Harriman - saying that they were different and wanting identical instructions. The British prepared a draft. Now, I suggest that we get Glasser in, who was doing it while I was away.

This is the draft. (Hands the Secretary attachment No. 2)

H.M.JR: This is the cable that went?

MR. WHITE: No, this is what we proposed to send along with this cable, now. This is what we had proposed to send this morning.

H.M.JR: Well, this part doesn't particularly interest me. I mean, it is important, and I go along with the question of the approach that it should be all three and not the English and ourselves going up against the Russians alone. That part is all right. But the thing is, I don't know whether I have the time right now to do the thing, do you see? I would like to sit down and have a talk with you people, opening up this whole question of what we do when we first go into Germany, about a rate.

MR. WHITE: Well, the first decision was made to have a rate. You remember, we presented the view that we ought not to have a rate, but make an advance of marks. That view was disapproved. I said we would come back at it again. We did come back at it again. We didn't make much headway. Therefore the question was what rate should be agreed upon. You decided on a ten rate - a ten-cent rate.

H.M.JR: That is what they recommended.

MR. WHITE: Yes, we wanted a five, and there was such a wide discrepancy that we thought we could get a ten, and we got agreement with that. Then later the British opened the question again at Bretton Woods.

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(Mr. Glasser enters the conference)

MR. WHITE: I opened the question again with you, telling you how the British felt, that they wanted to go in with a nominal rate and have no rate at all.

Again it was felt here that you would have to pay the troops something - the Army felt that way - Dan felt that way - and you would have to have a rate. So we said, "All right, let's compromise and have a military rate."

In other words, it is a rate which you will indicate you are paying the soldiers and that the Procurement Officers would pay if they had to buy anything. It would be an accounting rate which might approach the eventual rate but would not represent an official rate.

MR. BELL: That would be a rate, however, which would be fair to the American soldier.

MR. WHITE: That is right. That was agreed upon. The next question was whether we could get the Russians to agree. So we spoke to the Russian technicians here after conferring with State and the Army. The Russian technical people discussed it with us, and then they asked us, wouldn't we communicate our views directly to their Finance Minister, because they would do so, likewise; but they would like to have that method used.

We then drafted this cable, got the State Department to agree with it, told the British what we were doing, and sent the cable on. Now, this cable represents that view.

Now, the only alternative to this, aside from the specific rate - whether you wanted ten or eight - is not to have any rate, and to say to the British what they wanted, or what they say they wanted, and what we suggested earlier - namely, to merely advance marks to the soldiers - and say we will make the adjustment later, that we are not setting any rate. Those are the only two alternatives.

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I gather there are serious objections to that latter from the Army and from Dan. So there really is only this alternative.

H.M.JR: Well, that would be an accounting thing. Dan can always find a way.

MR. BELL: I don't see how. Your appropriations are made in dollars, and these amounts have to be charged to the appropriations. You have to have an accounting rate.

H.M.JR: Well, you can have an accounting rate.

MR. BELL: That is what we suggested.

H.M.JR: Now, look, gentlemen - we go over there - and this I feel very, very keenly on - I would like you people to re-examine this thing within your own shop, and maybe talk to Hilldring, or somebody. Somebody in this town has got to strike a keynote of toughness - much tougher than anybody has been. Now, I don't know what is the toughest approach, as far as the American Army and the rate is concerned, when we go in. But I am convinced, after being over there, that somebody has to do it.

It isn't a decisive thing, but at least is a straw in the wind. I belong to that school. Now, I would like to let the German economy sort of seek its own level. I would like some recommendations from you people. I have been over there; I have seen this thing. I have re-examined it, and this is the way I feel. I know this is the way General Eisenhower feels. Now, let's do something about it.

Now, what is the toughest way for the Army to go in there as far as the rate is concerned and the German economy is concerned?

MR. BELL: The five-cent rate would be better, wouldn't it, from that standpoint?

MR. WHITE: No, I am not sure.

All right, suppose we do that and come back with a recommendation?

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H.M.JR: Look, Harry, any recommendation you give me now, I would listen to very seriously. I will give you half a day. You can talk with the Army, and I will be ready.

Is Aldrich coming in?

MR. BELL: Yes, ten o'clock. I don't know whether you want a meeting before he comes or not.

MR. WHITE: I think you ought to meet for ten minutes, not more.

H.M.JR: I will be ready to meet with you gentlemen on this subject at nine o'clock. Can you be here at nine?

MR. WHITE: Sure, of course.

H.M.JR: You can have anybody here - if you want Hilldring here--

MR. WHITE: We will want some more people.

H.M.JR: That is all right. Bell, White, Glasser, and anybody else, at nine o'clock tomorrow. I will be nice and fresh and we will settle it tomorrow morning. But you were there, you have heard all these conversations, and I want to do something to show these people - I want to jar them loose.

MR. BELL: I think all the Army wants is an accounting rate.

MR. GLASSER: The Army wants an accounting rate. They are violent on the subject.

H.M.JR: That is all right. It has nothing to do with what the soldier does with his money in Germany.

MR. BELL: You have to be fair to the soldier or you will have the Chief of Staff on your neck.

MR. WHITE: Let's call it a military rate, because an accounting rate would be a little different.

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H.M.JR: And we have learned to only spend ten percent of the money, anyway.

MR. BELL: If you give him a twenty-cent mark and it is only worth five cents, he will kick.

H.M.JR: Now, you gentlemen come back with something tough.

MR. WHITE: All right.

Now, here is the Italian matter which has been prepared and sent over and agreed upon. It was presumed that the memorandum for the President would be signed by yourself. The State Department made some changes which were agreed upon, but they made one change in it which they want the four persons involved, Secretary of State, Treasury, War, FEA Administrator, to sign. I certainly don't think it is that important to require the four.

H.M.JR: Who wants the four?

MR. WHITE: State Department - Dean Acheson.

H.M.JR: Has Hull signed?

MR. WHITE: I don't know.

MR. GLASSER: Maybe we had better wait.

MR. WHITE: And get the one they are signing.

H.M.JR: You had better get it to me before one o'clock tomorrow.

All right.

MR. BELL: Have they agreed to it?

MR. WHITE: Yes.

1

To: Mr. Collado
From: Mr. White

Will you please send the following cable to the American Embassy, Moscow, for the People's Commissar of Finance, from the Secretary of the Treasury:

"We have had discussions with the representatives of your Government in Washington and at their suggestion, we are communicating directly with you to obtain the views of the U.S.S.R. with regard to an appropriate dollar-sterling-ruble rate of exchange for the German mark and arrive at a decision which will be agreed to by the British, American and Soviet Governments."

"It is our view, and the British concur, that it would be highly desirable to postpone fixing a general rate of exchange for the mark until after the Allied armies have occupied Germany. We believe that a sound decision with respect to a rate of exchange can only be made after occupation when we have adequate economic data on conditions in Germany. When a rate is finally selected it should be one that the German economy can sustain, so that the Allies can avoid the disastrous political and economic consequences of successive depreciation during the early occupation period. In addition, a rate finally selected in this manner will more accurately reflect the value of the German mark."

"Since it will be necessary, however, for the U.S. and British Armies to convert the pay of their troops expressed in dollars and sterling respectively into marks, and for other military expenditures, some conversion rates must be adopted. We assume that the armies of the U.S.S.R. will also require a conversion rate between rubles and marks for similar purposes. We therefore propose that the Allied armies employ a nominal rate of exchange for the mark for such purposes only. This rate would not be announced in any public proclamation and could be altered at any time if conditions should warrant. However, we feel that it is important that the rate used by the respective armies should work out in a consistent manner. Similarly, we believe that any changes in these nominal rates should be made by agreement among the three governments."

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"It is our view that this nominal rate should be 10 marks to the dollar. We believe, however, that the British would prefer a value around six marks to the dollar. We are willing to compromise on a rate of eight marks to the dollar if necessary to reach agreement with the British.

"The views of the Government of the U.S.S.R. with respect to the proposal that the Allied armies use a nominal uniform or consistent rate for the German mark are urgently requested."

To State Department: Cost of this cable
to be charged to Exchange Stabilization.

Prepared by Mr. Glasser:gsa 8/26/44

HG:MH:SG:gsa
8/26/44

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The Department does not feel that it is necessary for you and your British colleague to have identical views and that any differences of opinion between our two governments may be expressed to the Soviets with the hope that they will present their views and possibly facilitate the reconciliation of differences. These questions are being discussed on a tripartite basis. Therefore we feel it desirable that you submit the following cable, which modifies the Secretary of the Treasury's cable of August 3 in one important respect, this change being been agreed upon after discussions with the British.

August 24, 1944
2:42 p.m.

Operator: Go ahead.

Robert Brand: Hello.

HMJr: Hello.

B: Mr. Morgenthau.

HMJr: Speaking.

B: I want to be absolutely clear that I am submitting to the Chancellor exactly what you want. If you please, could I see you for five minutes so that I shall be sure?

HMJr: Well, I'm not -- I can't do it this afternoon.

B: You can't?

HMJr: You mean about the message?

B: Yes, the message.

HMJr: Well, White was present and if you want to check

B: I could probably tell you on the phone if that is sufficient.

HMJr: It's all right with me.

B: Well, I looked up, now, exactly what the Chancellor said, you see?

HMJr: Yes.

B: He said this, that you made a suggestion

HMJr: Yes.

B: that the P.M. should appoint him, and the President yourself, to take the lead, you see?

HMJr: Yes.

B: And the Chancellor said, of course, he would heartily welcome this opportunity of working with you. You see?

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HMJr: Yes.

B: That he had stated that on his side it was the P.M. to decide

HMJr: Yes.

B: what minister, or ministers, should take the lead.

HMJr: Yes.

B: You see?

HMJr: Yes.

B: Since then I've heard nothing more. You know the P.M. has been in Italy.

HMJr: I know.

B: Now, what I propose to say to -- but he did not say anything about a joint committee.

HMJr: Yes.

B: You see? However, what I propose to send, and this is what I want to know whether it's correct.

HMJr: Yes.

B: That you make the suggestion that all these problems should be worked out by a joint committee. I think that is correct but I want to be sure.

HMJr: Well, that

B: Then I go on that if the P.M. agrees with this and agrees also that the Chancellor should be the sentinel so far as the U.K. is concerned, then you suggest that he should make that proposition to the President, knowing from you that the President has received the suggestion of a committee very sympathetically. You see?

HMJr: No, that -- that's much too definite.

B: It is?

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HMJr: No, it's much too definite.

B: I see.

HMJr: And as long as you're asking me -- no -- the thing has gotten a little bit around.

B: Yeah.

HMJr: What I said was that there ought to be a committee....

B: Yes.

HMJr: to work this thing out.

B: Is that a joint committee or

HMJr: It would be a committee -- an over-all committee in England and an over-all committee here.

B: Yes.

HMJr: They both would work together.

B: Yes. With two representatives here so far as

HMJr: Well, I hadn't thought that through.

B: Yes.

HMJr: And that -- I said I didn't know who the President would appoint here.

B: Yes.

HMJr: And I didn't stress the appointment of myself.

B: No, but I know that would be welcomed.

HMJr: And the Chancellor said, of course, a lot of these things came outside of the Treasury in England.

B: Yes.

HMJr: But all I'm trying to convey to him is this:

B: Yes.

HMJr: that in approaching the problem which -- of England's economic future, you see?

B: Yes.

HMJr: Hello?

B: Yes.

HMJr: This idea of an over-all committee in England and one in the United States....

B: Yes.

HMJr:working together....

B: Yes.

HMJr: that I told the President of my conversation....

B: Yes.

HMJr: and he liked the idea. Now, that's as much as you can say.

B: I see. I see.

HMJr: But he liked the idea.

B: Yes.

HMJr: See?

B: Yes. And you don't want me to go further than that?

HMJr: No.

B: I see.

HMJr: Because I didn't get down to details with the President. I simply want to get over that I mentioned my conversation with the Chancellor....

B: Yes.

HMJr: and with Mr. Churchill

B: Yes.

HMJr: and the President's reaction to my report was favorable.

B: I see.

HMJr: Now, that's -- that's -- that's all I can say.

B: Yes.

HMJr: Because I don't want to get over the idea that it's an accomplished fact.

B: I see.

HMJr: Because it isn't.

B: No. I see. Well, that's quite clear. And then, naturally, the P.M. if he -- if and when he meets the President, would, presumably, refer to it.

HMJr: You see what Sir John said, "Can you find out that if Mr. Churchill would discuss this with the President, would he be interested?"

B: Yeah. I see.

HMJr: Now, my answer is, "Yes, the President is interested."

B: I see.

HMJr: But you know how these things go.

B: Yes.

HMJr: He -- something else may come up, or

B: Yes.

HMJr: State Department might not like it.

B: Yes.

HMJr: You see?

B: I see. Well, now I'm quite clear. You see? And I'll send that message.

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HMJr: Is that clear?

B: That's clear, yes.

HMJr: But the way -- you had it as though it was an accomplished fact. It isn't.

B: I see. Well, thank you.

HMJr: It's just -- I come back and I say I had such and such a conversation with a person....

B: Yes.

HMJr: and the person I'm reporting to says, "Well, that's fine."

B: Yeah. Well, that's all right. That's quite clear, now. I'll send -- many thanks.

HMJr: Is that clear?

B: Yes, that is clear.

HMJr: Now, does that go through -- how does that go?

B: Well, that goes

HMJr: That goes through the Foreign Office?

B: That goes direct to the Chancellor.

HMJr: Direct to the Chancellor?

B: I can send it through the Foreign Office.

HMJr: No, I'd rather have it go direct to the Chancellor.

B: Yes, I'll send it direct to the Chancellor.

HMJr: But I've made myself clear?

B: Quite clear, yes.

HMJr: Thank you so much for calling back.

B: Not at all.

August 24, 1944
2:46 p.m.

Secretary
Stimson: Hello, Henry.

HMJr: How are you?

S: Just a word about our trip together tomorrow.

HMJr: Please.

S: The weather is going to be good.

HMJr: Yes.

~~S:~~ But it's a long trip up there, as you probably realize.

HMJr: Yes.

S: And the field, you may not know, is not lighted.

HMJr: Oh, well, I didn't know.

S: It a miserable field. It's a field which is -- has got a very good runway on

HMJr: Yes.

S: It's -- travelling from Lake Placid, it's beyond Saranac River -- Saranac Village itself.

HMJr: I see.

S: It's nearer to Clear Lake, I think.

HMJr: Oh, yes.

S: In there on Route 68.

HMJr: Yes.

S: And it was built by the Municipality. They built a beautiful runway and lawn and everything else. Everything is fine except that they've never equipped it.

HMJr: I see.

S: And that means that we ought to get there while it's daylight. Don't you see?

HMJr: Yeah. When does the sun set?

S: Well, I haven't heard definitely. The -- it takes about two hours -- it takes -- I think you ought to allow three hours for the run. We may do it in less.

HMJr: Yes.

S: I did it in much less coming down. It is somewhat less if we go a short way.

HMJr: Yes.

S: But I was -- what I was calling you up for was whether you would be willing to leave Cabinet after we've had our turn, so-to-speak, if the Cabinet seemed -- meeting seemed to be going on later, and just speak to the President about it.

HMJr: Surely. I've done it before.

S: Well

HMJr: If you will tell me when we get in there tomorrow what is the deadline....

S: I will.

HMJr: I'll be prepared to go directly from the White House with you to the field.

S: Yes, I think we'll have to do that.

HMJr: And if you could have your people figure the deadline and when the deadline comes, we can just give the President a little note and ask him to excuse us.

S: I think it -- I think we'll have pretty good time. I think we could -- surely three-thirty would be ample time.

HMJr: I think the sun -- I think it's sunset somewhere around seven-thirty or seven-forty -- somewhere around there.

S: Well, it's something like that. But I didn't want to rope you into something you didn't know about.

HMJr: Well

S: I think -- I think it will be all right -- I think if we went off -- if we got away at four

HMJr: Yes.

S: or even a little after

HMJr: Yes.

S: we'd get there before it's dark. Before it was -- we'd get there in ample time.

HMJr: Well, I'll be prepared.

S: Well, I would be willing to, myself, speak to the President about it beforehand and then after you and I got through -- perhaps a little while afterwards, if they're running long -- why, we could go out.

HMJr: Well, we wouldn't leave -- I mean, if it looked as if it was going to get through -- I mean, we'd stay until whatever your people say is the deadline, wouldn't we?

S: Yes. Yes. Well, I'd stay until -- I'd stay until a safe deadline. I don't know -- I don't want to run a risky one.

HMJr: Oh, no, no. No, this is a very pleasant surprise that I can go and it gives me a chance to visit with you a bit and I'm looking forward to it and I'll be prepared to leave when you do.

S: Yes. And you -- your people can find the place -- whoever is coming for you?

HMJr: Well, I'll -- you mean, at the Air Transport?

S: At the -- at the air field at Saranac.

HMJr: Oh, yes. They'll -- I -- I'll have a Customs car meet me up there.

S: Yes.

HMJr: And they know that section.

S: They'll know the section so that they won't have any difficulty in finding the field. Everybody knows it, I think, as the Saranac Field.

HMJr: I'll tell them that.

S: Yes. It's the only one around there.

HMJr: And I was pleased to see that in the remarks to the Dumbarton Oaks the President quoted you.

S: Well, I hadn't -- someone told me so -- I hadn't seen it.

HMJr: It's very interesting because he quoted you on just what you said to me about the present Nazi generation.

S: Yes.

HMJr: That you had to let them grow up and get rid of them and, therefore, it was a long job.

S: Yes.

HMJr: So it shows that he wants ideas and if we can give them to him, he'll use them.

S: Yes, I know he always is good that way.

HMJr: Yes.

S: Thank you very much.

HMJr: Thank you. Bye.

S: Good bye.



TREASURY DEPARTMENT

WASHINGTON, D. C.

August 24, 1944

To: Secretary Morgenthau

From: Mr. Shaeffer *CS*

I have just been informed by Tom Lynch of the General Counsel's Office that Senator Taft today confronted Chairman Eccles, testifying on his bill, with the information that the Treasury would not support it. Taft said the press had informed him the Treasury's views were made public at your press conference this morning.





TREASURY DEPARTMENT

WASHINGTON, D. C.

August 24, 1944

To: Secretary Morgenthau

From: Mr. Shaeffer *C.P.S.*

For your information, I have been in touch with Senator Wagner, Chairman of the Banking and Currency Committee of the Senate. He has distributed to newspapermen there the letter, signed by Danny Bell, setting forth Treasury's views on the so-called Eccles Bill. Tomorrow he will read into the record this same letter.

I think this will clear the matter up.



UNITED STATES OF AMERICA

$\frac{7}{8}$ PERCENT TREASURY CERTIFICATES OF INDEBTEDNESS OF SERIES F-1945

Dated and bearing interest from September 1, 1944

Due September 1, 1945

1944
Department Circular No. 748
Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, August 24, 1944.

I. OFFERING OF CERTIFICATES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for certificates of indebtedness of the United States, designated $\frac{7}{8}$ percent Treasury Certificates of Indebtedness of Series F-1945, in exchange for Treasury Certificates of Indebtedness of Series E-1944, maturing September 1, 1944.

II. DESCRIPTION OF CERTIFICATES

1. The certificates will be dated September 1, 1944, and will bear interest from that date at the rate of $\frac{7}{8}$ percent per annum, payable semiannually on March 1 and September 1, 1945. They will mature September 1, 1945, and will not be subject to call for redemption prior to maturity.

2. The income derived from the certificates shall be subject to all Federal taxes, now or hereafter imposed. The certificates shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The certificates will be acceptable to secure deposits of public moneys. They will not be acceptable in payment of taxes.

4. Bearer certificates with interest coupons attached will be issued in denominations of \$1,000, \$5,000, \$10,000, \$100,000 and \$1,000,000. The certificates will not be issued in registered form.

5. The certificates will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States certificates.

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of certificates applied for, and to close the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. PAYMENT

1. Payment at par for certificates allotted hereunder must be made on or before September 1, 1944, or on later allotment, and may be made only in Treasury Certificates of Indebtedness of Series E-1944, maturing September 1, 1944, which will be accepted at par, and should accompany the subscription.

V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts, to issue allotment notices, to receive payment for certificates allotted, to make delivery of certificates on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive certificates.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

HENRY MORGENTHAU, Jr.,
Secretary of the Treasury.

(Filed with the Division of the Federal Register Aug. 24, 1944)

UNITED STATES OF AMERICA

1 PERCENT TREASURY NOTES OF SERIES A-1946

Dated November 1, 1941, with interest from September 15, 1944

Due March 15, 1946

Interest payable March 15 and September 15

ADDITIONAL ISSUE

1944
Department Circular No. 740

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, August 24, 1944.

I. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par, from the people of the United States for notes of the United States, designated 1 percent Treasury Notes of Series A-1946, in exchange for Treasury Notes of Series C-1944, or Treasury Notes of Series D-1944, which mature September 15, 1944. The amount of the offering under this circular will be limited to the amount of such maturing notes tendered and accepted.

II. DESCRIPTION OF NOTES

1. The notes now offered will be an addition to and will form a part of the series of 1 percent Treasury Notes of Series A-1946 issued pursuant to Department Circular No. 671, dated October 23, 1941; will be freely interchangeable therewith; and (with the exception that interest on the notes issued under this circular will accrue from September 15, 1944) are identical in all respects therewith, and, except that the \$1,000,000 denomination will be provided, are described in the following quotation from Department Circular No. 671:

"1. The notes will be dated November 1, 1941, and will bear interest from that date at the rate of 1 percent per annum, payable on a semiannual basis on March 15 and September 15 in each year until the principal amount becomes payable. They will mature March 15, 1946, and will not be subject to call for redemption prior to maturity.

"2. The income derived from the notes shall be subject to all Federal taxes, now or hereafter imposed. The notes shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

"3. The notes will be accepted at par during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury in payment of income and profits taxes payable at the maturity of the notes.

"4. The notes will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege.

"5. Bearer notes with interest coupons attached will be issued in denominations of \$100, \$500, \$1,000, \$5,000, \$10,000 and \$100,000. The notes will not be issued in registered form.

"6. The notes will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States notes."

III. SUBSCRIPTION AND ALLOTMENT

1. Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies.

2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of notes applied for, and to close the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotment notices will be sent out promptly upon allotment.

IV. PAYMENT

1. Payment at par for notes allotted hereunder must be made on or before September 15, 1944, or on later allotment, and may be made only in Treasury Notes of Series C-1944, or in Treasury Notes of Series D-1944, maturing September 15, 1944, which will be accepted at par, and should accompany the subscription.

V. GENERAL PROVISIONS

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts, to issue allotment notices, to receive payment for notes allotted, to make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

HENRY MORGENTHAU, Jr.,
Secretary of the Treasury.

(Filed with the Division of the Federal Register Aug. 24, 1944)

U. S. GOVERNMENT PRINTING OFFICE 606081

August 24, 1944

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

In response to a joint request by Chairman Doughton and the Treasury, the technicians of the Budget Bureau made available to us on a confidential and informal basis the following preliminary figures for expenditures through fiscal year 1947, based on certain assumptions.

	F I S C A L Y E A R			
	1944	1945	1946	1947
	(In billions)			
War expenditures (exclusive of payments to veterans but including mustering out pay	\$89.7	\$89.5	\$54.0	\$20.0
Nonwar expenditures	5.5	9.5	13.7	16.2
Total expenditures	\$95.2	\$99.0	\$67.7	\$36.2

The principal assumptions underlying the above figures are that the European war would be over by the end of calendar year 1944 and the war in the East would terminate by the end of the calendar year 1945 and that demobilization would be over by the end of the fiscal year 1947. At that time the size of the armed forces would still be somewhat above peacetime levels of about 2½ million men.

It was assumed that the level of Government expenditures was not affected by the price factor.

RB

sub

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE AUG 24 1944

TO Secretary Morgenthau
FROM Mr. Hagg
Subject Market Reaction to the Armistice in November 1918

In accordance with your request for information as to what happened in the financial markets at the time of the Armistice in 1918, and what action was taken by the Treasury and Federal Reserve System, I am attaching two charts showing the movements of stock and bond prices monthly during the years 1918 and 1919, and daily during the last four months of the year 1918.

The charts indicate clearly that the Armistice in 1918 had practically no effect on the security markets. It is perhaps significant that Secretary McAdoo, who had for some time previously desired to return to private life, felt that he could safely submit his resignation on November 14, three days after the Armistice.

The premature report of an armistice on November 7, 1918, and the actual Armistice on November 11, both occasioned a sharp increase in the volume of security transactions (the effect of the actual Armistice appearing on November 12, inasmuch as the Exchange remained closed on the 11th). Both stock and bond prices rose on November 7 (the day of the false report). Stock prices opened unchanged on November 12, but declined during the day. Bond prices continued upward. In all cases, however, price movements were quite small (Chart I).

In view of the foregoing, it is not surprising that no official action was necessary to support the financial markets. Federal Reserve Open Market support, i.e., direct purchases of securities in the open market by the Federal Reserve Banks, had not been developed as an instrument of policy in 1918. Although there was a moderate rise of Federal Reserve Bank credit in November and December, this rise was only a continuation of the trend of previous months and was attributable in the main to the increase of "war loan paper" acquired in financing instalment subscriptions to the Fourth Liberty Loan, which was concluded less than a month before the Armistice. It will be recalled that payment for Liberty Bond subscriptions

Secretary Morgenthau - 2

could be made in instalments, and that preferential discount rates were set by the Reserve Banks for paper secured by Liberty Bonds, to facilitate the financing of such instalment purchases. In the Fourth Loan the instalment terms were 10 percent with the application (some time between September 28 and October 19, 1918); 20 percent each on November 21 and December 19, 1918, and January 16, 1919; and the balance on January 30, 1919; thus, 40 percent of the instalment payments were called for between the Armistice and the end of the calendar year. No official Treasury supporting action was taken either; but it was announced that existing market restrictions, operating through the Capital Issues Committee with respect to new security issues, and through the Money Committee with respect to loans on stock exchange collateral, would be continued in effect for the time being, despite the Armistice.

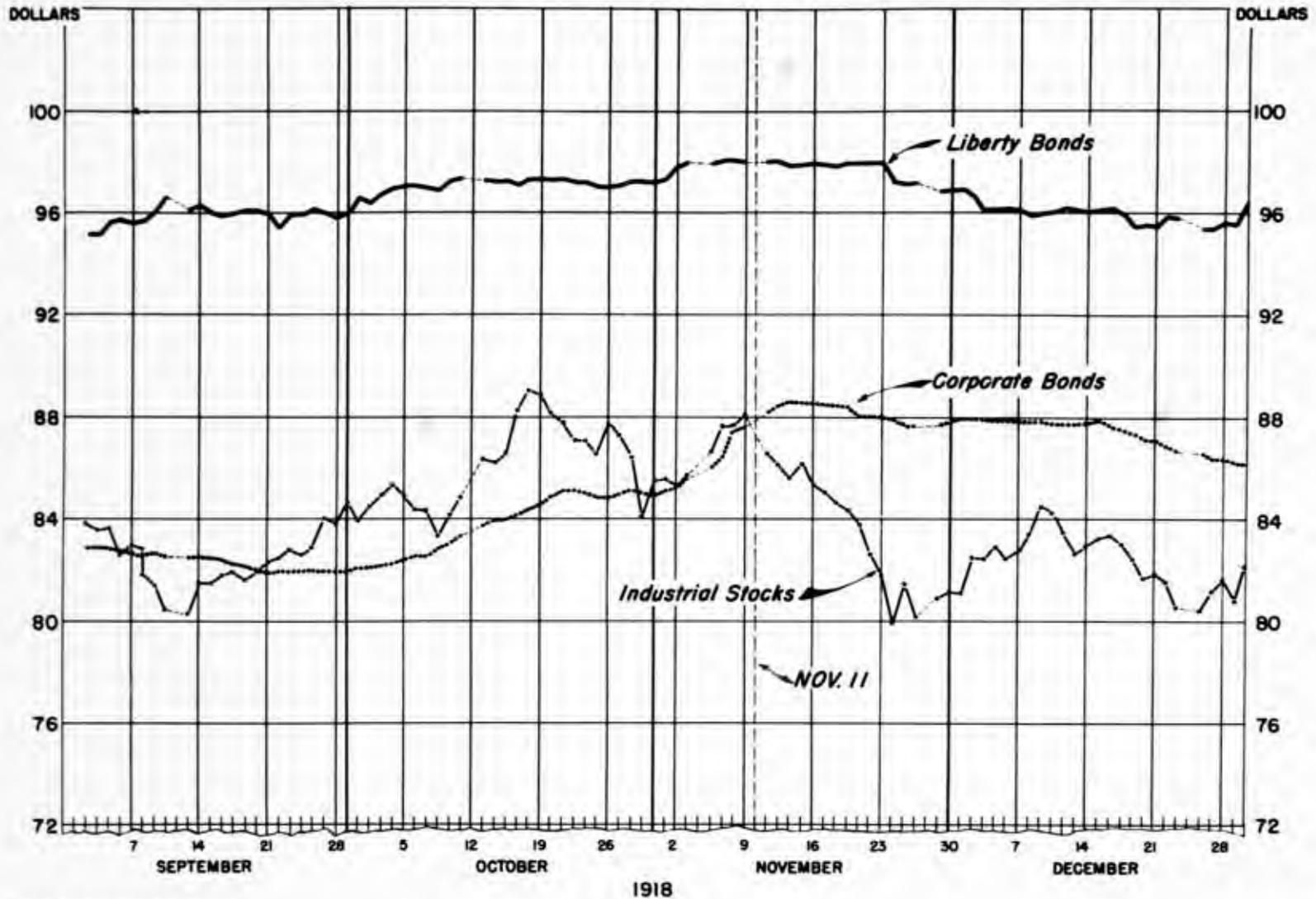
Liberty Bond prices dropped rather sharply during December 1918 (from 2 to 4 points on the 4-1/4's), due principally to factors connected with the cancellation of war contracts. There were, first, a flood of small sales originating largely in industrial centers where war production had ceased. In addition, some corporations liquidated their holdings, late in December, to establish losses for income tax purposes. When the influence of sales to establish tax losses was removed, prices of Liberty Bonds rose abruptly.

Viewed from a longer-term standpoint, the Armistice would appear to mark the approximate peak of an upswing of security prices, based on peace rumors, which began in September 1918 (Chart II). The check in the upward movement of stock prices was of short duration, and the rise was resumed early in 1919. Corporate bond prices continued down during 1919, while Liberty Bonds fluctuated narrowly and ended 1919 at about the same level as that at which they stood in December 1918. It should be noted, however, that the long-term decline in bond prices and the rise in stock prices must also be associated with the inflation of 1919-20. It seems safe to say, therefore, that the termination of hostilities had, in itself, very little effect upon the security markets.

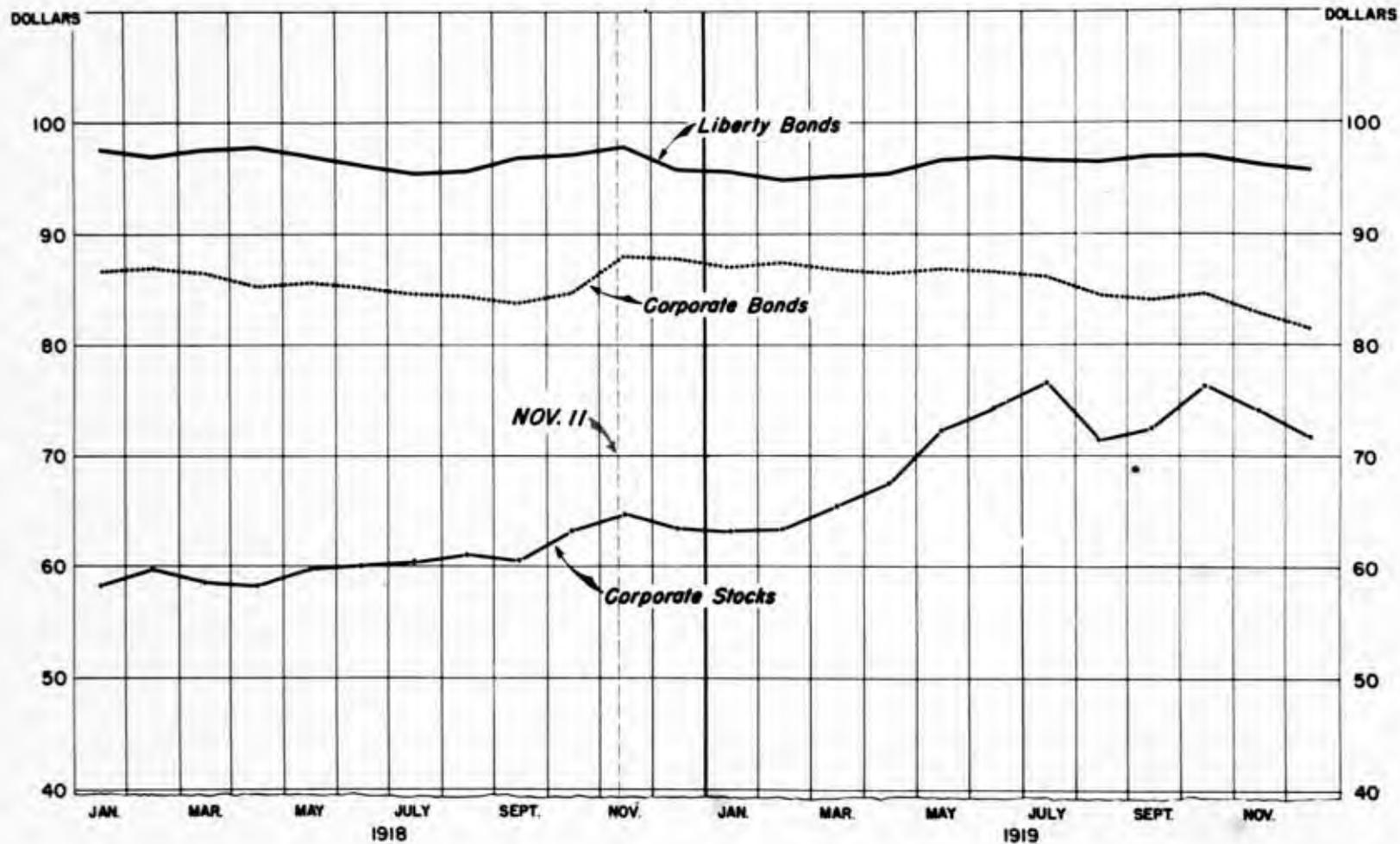
Attachments

Chart I

DAILY STOCK AND BOND PRICE AVERAGES September to December 1918



MONTHLY STOCK AND BOND PRICE AVERAGES 1918-1919



August 24, 1944

Dear Felix:

Thanks for the kind words about Bretton Woods.

You are right in your evaluation of the accomplishments at Bretton Woods. I, too, feel that furthering the habit for international adjustment of our common problems is, at least, of equal significance to the actual agreements which we developed.

As you say, such things don't just happen. We spent two full years in preparing for this Conference and in working out the principles with the other nations represented at the Conference. Without that investment it would have been impossible to have worked out these agreements at Bretton Woods--in fact, it would have been impossible to have even called a conference for that purpose.

However, the task is still unfinished. We still must get the approval of the public and the Congress. In this task we are going to need the support of every person interested in international cooperation in the post-war period.

With best regards,

Sincerely,

(Signed) Henry

Honorable Felix Frankfurter
Justice of the Supreme Court
of the United States
Washington, D. C.

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August 18/44

To from

Supreme Court of the United States
Washington, D. C.

Dear Henry:

Even a fellow like me,
who watches events from the
side lines, could realize
that Bretton Woods ac-
complished two things - it
gave agreement among
the representatives of the
United Nations on one of the
basic problems for post-
war recovery and, perhaps,
even more important, it
furthered the habit for such
international adjustments.

But such things do not
happen. They are brought
to pass. And so I want
to send you a word of
warm congratulations
for the indispensable
share of your leadership
and your will to
agreement.

Our best regards to you
both. And I hope
all is well with your
bag. Very sincerely,
Fairbank.

August 18/44

Supreme Court of the United States
Washington, D. C.

Dear Henry:

Even a fellow like me, who watches events from the side lines, could realize that Bretton Woods accomplished two things -- it gave agreement among the representatives of the United Nations on one of the basic problems for post-war recovery and, perhaps, even more important, it furthered the habit for such international adjustments.

But such things don't happen. They are brought to pass. And so I want to send you a word of warm congratulations for the indispensable share of your leadership and your will to agreement.

Our best regards to you both. And I hope all's well with your boys.

Very sincerely,

(Signed) Felix Frankfurter

Mr. White

August 24, 1944.

Mr. Luxford

Mr. Bernstein and I discussed the proposed program on Bretton Woods with Helen Montfort Moody and Elizabeth Webb of the Women's Conference on International Affairs.

As a result of our discussions the program shapes up as follows:

1. They would like to hold the meeting on either September 14 or 15, since they anticipate doing a similar job after the UNRRA meeting in Canada and they expect that this program would be scheduled for the first week in October. They do not want the programs too close together since it is difficult to call together representatives of the different women's organizations at too frequent intervals.
2. The actual program would run along these lines:
 - (a) The chairman would make an opening statement. They suggested that it might be very helpful if the chairman were to emphasize the two years of preliminary work that went into making Bretton Woods a success, the work that was done at an interdepartmental level here in this Government, bilateral and multilateral discussions we had with the various foreign governments, and our discussions from time to time with the Congressional committees. They feel that it is important to dramatize the enormous task involved, the tremendous amount of work, the negotiations that went into shaping these agreements, and the difficulties involved in trying to make changes in them after this investment of time and energy.

- 2 -

- (b) An elementary explanation of the Fund.
- (c) An elementary discussion of the Bank.
- (d) What the Fund and Bank mean in terms of world peace.
- (e) What steps are necessary to bring the Fund and Bank into effect.

On this latter point they would like to have a non-government man or woman discuss the fact that these proposals must be either accepted or rejected by Congress and the importance of each women's organization putting its shoulder to the wheel in getting the public interested in these proposals and Congress to accept them. This discussion, of course, would be sponsored by the Women's Conference and not by any Government official or agency.

3. It is contemplated that the talk of each person be limited to about fifteen minutes. It is further contemplated that there would be a question-and-answer period after each participant discusses the feature of the program assigned to him. In order to inject an international flavor into the program they thought it would be an excellent idea for us to have about three speakers on the subject of "what it means to World Peace," permitting each to speak about eight minutes. They would like to see two of these speakers on world peace represent foreign countries, as for example, delegates from China and Cuba. They thought that perhaps Miss Newcomer should be the American representative on the discussion of world peace. They agreed that Bidwell would probably be a good man to discuss "how do we bring the Fund and Bank into effect." He could speak for about ten or fifteen minutes and then make a real attempt to get the audience to participate in the discussion by having various representatives of women's organizations in the audience express their views as to how to get women's groups interested in the subject.

4. It is contemplated that the whole program could be timed for about three hours and be scheduled from 10 a.m. to 1 p.m.
5. The groups sponsoring this program have no dues and no funds at their disposal. They would like to have our discreet assistance on the following points:
 - (a) Having a mimeographed program and mimeographed reading material on the Fund and Bank available for distribution at the meeting.
 - (b) The preparation of about sixty letters for the chairman's signature, inviting representatives of the various women's organizations to attend the meeting.
 - (c) A stenographic transcript of the proceedings which would be mimeographed and distributed to each of the persons attending. This material is of great use to the various program chairmen of the women's organizations since they, in turn, use it as the basis for getting each local group of their organization interested in the subject.
6. Mrs. Moody would like for us to name the persons who should participate in the program, as well as the chairman, and to sound them out on their availability to speak. It is understood, of course, that the formal invitation to participate would be extended by the Conference and not by the Treasury.

If you approve, Bernstein and I will go to work on this at once. I am anxious to take a vacation the first two weeks in September, but I see no reason why this should interfere with this program.

(Initialed) A.F.L.

August 24, 1944

MEMORANDUM FOR THE FILES

I spoke to Roy Stinebower of the State Department today, regarding his impression of the Women's Conference on International Affairs. He had cooperated with this group in the presentation of their program on the Food and Agriculture Conference and had appeared as one of their speakers.

He had only words of praise for the organization. He said that it had no official standing and was serving merely the function of an educating and steering committee, directing the interest on the part of women's organizations in the problems of international cooperation. In his opinion, our assistance and cooperation with them on a program on Bretton Woods would be all to the good. At no point had he observed any jealousy on the part of other women's organizations because of the activities of this group. He thought that their programs on the Food and Agriculture Conference had been very successful.

I then spoke to John Dickey of the State Department who had worked with this group on their Education Conference program. He said he had spent years working with the various women's organizations in connection with getting their cooperation and support on the Trade Agreements Acts. The Women's Conference on International Affairs was, of course, a new group and he had found them able and energetic and they had served as an excellent medium for getting over the results of the Education Conference to the various women's organizations. He said that in his discussions with one or two representatives of women's organizations after the meeting he had sensed that they felt that they could have taken care of the matter of programing the conference for their group without the aid of the Women's Conference, but that this view was not generally shared. He said that they had had a very good turnout for the Education Program and, in his opinion, our cooperating with them on a Bretton Woods program could do no harm whatever and might do a lot of good.

He did think that it was highly important that we take the attitude that we were perfectly willing to cooperate with any women's organizations directly, and that we were not intending to merely deal with them through this Conference group. Our attitude should be that we were perfectly willing to cooperate with any group and in that sense we were cooperating with the Women's Conference on International Affairs.

(Initials) A.V.L.

Copy to: Secretary's files
Mrs. Morgenthau
Mr. White
Mr. E.M. Bernstein

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August 25, 1944

MEMORANDUM FOR THE FILES

I spoke to Miss Mabel Newcomer this morning regarding her impression of the work and plans of the Women's Conference on International Affairs. She was in Washington a week or ten days ago and at that time I had introduced her to Miss Webb of that organization in order that Miss Newcomer might get an opportunity to evaluate their work and ability.

She stated that she was definitely impressed by their work and approach to these international problems. She felt that a program on Bretton Woods sponsored by this group would be of real value to us, provided, of course, that they got the right kind of speakers to address them. I told her that if we were to cooperate in such a program that I thought it would be a very good idea if she could be one of the speakers. She stated that she would be very happy to cooperate. I said that I still had to clear the matter of our participation with Mr. White but that I did not anticipate any difficulty.

Miss Newcomer stated that she was working on an article about Bretton Woods for some organization at the present time and also on an article for the Vassar Alumni Journal. She was most cooperative.

(Initialed) M. N. C.

AFL:nrd - 8/25/44



TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON 25



OFFICE OF THE DIRECTOR

SECRET

August 24, 1944

MEMORANDUM TO THE SECRETARY:

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

There has been transferred to the Quartermaster Corps of the Army for shipment overseas to Area Commanders for distribution in liberated areas, the following:

Clothing	--	9,601,122	garments
Shoes	--	5,332,536	pairs
Textiles	--	13,826,982	yards
Findings	--	2,773,995	items
Yarn	--	7,823,817	ounces

The above deliveries were made during the past two months from stocks purchased by the Procurement Division.

Clifton E. Mack
 Clifton E. Mack
 Director of Procurement

[Handwritten signature]

Attachment

SECRET

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LEND-LEASE
TREASURY DEPARTMENT, PROCUREMENT DIVISION
STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS
AS OF AUGUST 16, 1944
(In Millions of Dollars)

	<u>Total</u>	<u>U. K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Miscellaneous & Undistributed</u>
Allocations	\$5522.2 (5522.2)	\$2627.0 (2627.0)	\$2257.3 (2257.3)	\$133.9 (133.9)	\$15.9 (15.9)	\$488.1 (488.1)
Requisitions in Purchase	\$ 167.6 (166.3)	\$ 27.8 (21.7)	\$ 66.1 (69.2)	\$.2 (.2)	-	\$ 73.5 (75.2)
Requisitions not Cleared by W. P. B.	\$ 72.3 (85.3)	\$ 30.9 (35.2)	\$ 30.4 (41.4)	\$.1 (.1)	-	\$ 10.9 (8.6)
Obligations (Purchases)	\$3909.2 (3866.2)	\$1957.8 (1951.2)	\$1597.5 (1564.6)	\$ 63.1 (63.0)	\$13.3 (13.3)	\$277.5 (274.1)
Deliveries to Foreign Governments at U. S. Ports*	\$2284.0 (2266.4)	\$1414.2 (1408.9)	\$ 796.5 (784.7)	\$ 24.1 (24.1)	-	\$ 49.2 (48.7)

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

Note: Figures in parentheses are those shown on report of August 9, 1944.

**EMBASSY OF THE
UNITED STATES OF AMERICA**

SECRET
No. 2029

Quito, Ecuador, August 24, 1944

**Subject: Detention by German Authorities of Persons Claiming
Ecuadoran Nationality.**

**The Honorable
The Secretary of State,
Washington.**

Sir:

Referring to the Department's instruction No. 961 of July 24 last enclosing a list of claimants to Ecuadoran nationality who were removed from the internment camp at Vittel, France, as well as a copy of an instruction being sent to the Embassy at Asuncion on the same subject, I have the honor to enclose a copy, with translation, of a memorandum from the Ministry of Foreign Affairs dated August 18 and received yesterday. It will be noted that the Foreign Office states that it has "instructed its diplomatic representative in Switzerland to obtain through the Federal Government all data relating to the subject and a complete list of persons who, claiming Ecuadoran nationality, are being detained in German concentration camps, with a view, on the basis of that information, of initiating a pertinent demand or adopting such measures as the circumstances might render advisable."

The list of claimants to Ecuadoran nationality referred to had been communicated by the Embassy to the Ministry of Foreign Affairs in an aide memoire dated August 2 and in a supplementary memorandum dated August 14.

Respectfully yours

Enclosures:

1. Copy of Memorandum from the Foreign Office
2. Translation of Memorandum

**Original to the Department of State
Copy to the Consulate General, Guayaquil**

**File No. 711
JWG:rab**

**cc: Miss Chamney (for the Sec'y), Abrahamsen, Akain, Cohn, Drury,
DuBois, Friedman, Gaston, Hedel, Laughlin, Lesser, Mannon, Marks
McCormack, Pehle, Sargoy, Standish, Weinstein.**

Enclosure No. 2 to despatch No. 2029 of August 24, 1944,
from the American Embassy, Quito, Ecuador.

TRANSLATION

REPUBLIC of ECUADOR
Ministry of Foreign Affairs

Diplomatic Department

MEMORANDUM

By means of the list attached to the confidential memorandum of the Embassy of the United States of America of the 14th current, the Ministry of Foreign Affairs has been informed of the list of persons originally interned in the French concentration camp of Vittel by the German authorities who claim Ecuadoran nationality and who have now been removed from that place to an unknown destination.

The Ministry of Foreign Affairs, as it has opportunely made known to the Embassy of the United States, has instructed its diplomatic representative in Switzerland to obtain through the Federal Government all data relating to the subject and a complete list of persons who, claiming Ecuadoran nationality, are being detained in German concentration camps, with a view, on the basis of that information, of initiating a pertinent demand or adopting such measures as the circumstances might render advisable.

Quito, August 18, 1944.

To the Embassy of the United States
of America,
City.

TR:JWC:rab

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

Please deliver the following message to Dr. Joseph Schwartz
from M. A. Leavitt of the American Jewish Joint Distribution Committee:

QUOTE HOPE YOU MAKING ARRANGEMENTS ARRIVE HERE SOONEST STOP
HAVE YOU CONSIDERED JEFROYKIN'S RETURN ESPECIALLY REFERENCE
CHILDREN'S PROBLEM STOP ASSUME YOU ARE THINKING NECESSITY
FOR REPRESENTATIVE GO SWITZERLAND SOONEST POSSIBLE UNQUOTE

5:10 p.m.
August 24, 1944

RDrury 8/24/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
TO: Secretary of State, Washington
DATED: August 24, 1944
NUMBER: 6856

CONFIDENTIAL

Joseph Schwartz sends the following for Moses Leavitt, JDC, for the War Refugee Board:

Since the sinking of the MAFKURA Hirschmann has wired that he now considers it essential that all ships leaving Balkan ports for Istanbul have safe-conducts. He presumably has been in consultation with representatives of the Jewish Agency and JDC. Although we must leave the final decision to him and our representatives in Istanbul, you may be sure that the Emigration Committee in Rumania is thoroughly alive to the dangers involved and prospective emigrants have been advised of those dangers.

WINANT

DCR:VAG:MK 8/26/44

PLAIN

London

Dated August 24, 1944

Rec'd 9:12 p.m.

Secretary of State,
Washington.

6858, Twenty-fourth

FOLLOWING FOR WAR REFUGEE BOARD FROM JOSEPH
SCHWARTZ FOR MOSES LEAVITT JDC:

"Saly Mayer continuing do everything possible for group 1200 Rabbis and other Hungarian Jewish religious leaders. Reference cables you have been receiving from Mizrahi representative Switzerland wish point out we are not in position to set up and maintain children's homes in Switzerland on a political or party basis and have consistently refused to encourage either the Mizrahi or Aguda or any other party organization from organizing separate homes. Should we become involved in practices of this kind we shall be called upon to support any number of similar projects organized by the various groups in the country. Swiss Government too has requested that child care programme should be largely under supervision Swiss Red Cross and on non-sectarian basis since Swiss participating financial maintenance these children. Saly Mayer has been contributing from our funds and from funds received from South Africa to Swiss Red Cross for children and has also been subsidizing those which engaged in child care programme on broad non-sectarian basis. Despite any pressure you may be subjected to would urge we adhere to this policy since any other would lead to chaos and would encourage other groups to adopt similar tactics. For your information 320 Hungarian Jews arrived in Switzerland on August 18th.

WINANT

RR

LEGATION OF THE
UNITED STATES OF AMERICA
DUBLIN, August 24, 1944

153

RESTRICTED.

No. 948

SUBJECT: Irish Refuge for Jewish Children.

The Honorable,
The Secretary of State,
Washington.

Sir:

I have the honor to refer to the Department's circular telegram of August 12, 8 p.m., and to the Legation's reply No. 131 of August 15.

There is enclosed a copy of a letter addressed to Mr. Joseph P. Walsh, Permanent Secretary of the Department of External Affairs, requesting that the Irish Government's offer to provide refuge for Jewish children be extended in principle to children from Hungary as well as from France. Mr. Walsh's reply confirming his informal statement to an official of the Legation that the Irish Government would extend its acceptance in principle to Jewish children from Hungary is also transmitted herewith.

At the time that the question of the Hungarian children was taken up with Mr. Walsh, he said that the Agudas Israel World Organisation of London had taken up the question with the Irish Red Cross. When the matter came to his attention he had felt that as the London group obviously could not obtain any results without the assistance of the Allied governments he would recommend that the Agudas Israel World Organisation coordinate their efforts with those of the War Refugee Board. It was hoped that thereby confusion might be avoided. There is also enclosed a copy of a letter to the American Ambassador in London supporting Mr. Walsh's recommendation that the Agudas Israel World Organisation cease its efforts

Miss Channing (For the Secretary's information) and Mr. Tolson (For the
Director's information) are in the building, and Mr. Tolson is in the
Director's office, and Mr. Tolson is in the Director's office, and Mr. Tolson
is in the Director's office, and Mr. Tolson is in the Director's office.

3/

2/

1/

to make its own arrangements with the Irish Red Cross and instead to coordinate its activities with the War Refugee Board.

Respectfully yours,

For the Minister:

Aaron S. Brown,
Third Secretary of Legation

Enclosure:

1. Letter of August 14, 1944, to Mr. Walsh.
2. Reply of Mr. Walsh dated August 21, 1944.
3. Letter to Ambassador Winant dated August 23, 1944.

320
ASB/TMD

Enclosure No. 1 to Despatch No. 948
August 24, 1944, from the American
Legation, Dublin.

Dublin, August 14, 1944.

Dear Mr. Walshe:

I wish to refer to Mr. Gray's letter of March 22 and your reply of April 6 relative to your Government's generous offer to provide haven for 500 Jewish children for whom it was hoped to make arrangements to leave France.

In the absence of the Minister, who is enjoying a few days' leave in the country, I am instructed by my Government to request that the Irish Government extend its acceptance in principle to children from Hungary as well as from France. This request is made in view of the situation in Hungary and the recent statement by Admiral Horthy that his government would grant exit permits to, and suspend deportations of, all Jewish children for whom havens may be provided outside Hungary.

I am instructed to assure you that no detailed plans have as yet been developed for the actual immigration of refugee children into Eire. If such plans become necessary at a later date, they will, of course, not be developed without previous consultation with the Irish Government.

Sincerely yours,

Aaron S. Brown,
Secretary of Legation

ASB/tad

Joseph P. Walshe, Esq.,

Secretary,

Department of External Affairs,

80 St. Stephen's Green,

DUBLIN.

Enclosure No. 2 to Despatch No. 948
dated August 24, 1944, from the
American Legation, Dublin, Ireland.

Department of External Affairs,

DUBLIN.

EIRE

21st August 1944.

Dear Mr. Brown,

In reply to your letter of August 14th, I now confirm that our Government gladly extends its acceptance in principle of Jewish refugee children to the Hungarian Jewish children.

Incidentally, I should tell you that the Agudas Israel World Organisation of London has approached the Irish Red Cross in the same matter. I am suggesting to the Red Cross that they should inform the Organisation of the American Government's interest. Of course, there is no possibility whatever of private organisations being able to effect any transfer of children to Ireland without the collaboration of the American or British Governments, and it seems better to prevent the Agudas people now from taking an independent course which might cause confusion in your plans.

I hope you will be able to let us know the details very soon.

Yours sincerely,

/s/ J. P. WALSH

Aaron S. Brown, Esq.
Secretary, Legation of the United States of America, DUBLIN.

Enclosure No. 3 to Despatch No. 948
dated August 24, 1944, from the
American Legation, Dublin, Ireland.

Dublin, August 23, 1944

**Personal and
Confidential**

Dear John Wismart,

As you may know, at the request of the American Government the Irish Government sometime ago agreed to permit the entry of five hundred French Jewish children and to accept the responsibility for their care. Recently we were instructed to request the Irish Government to include Hungarian Jewish children as well as French Jewish children. This request was acceded to without question. In the course of our discussions with the Irish Government it was agreed that in all existing circumstances five hundred was as many as the Jewish population in Eire could reasonably be expected to support and as many as Irish economy could reasonably be expected to absorb. The quota is limited to children inasmuch as for security reasons it was considered undesirable both from the American and Irish viewpoint to permit the entrance of adult persons from Axis countries. It now appears that the Agudas Israel World Organization of London has approached the Irish Red Cross with the request that it accept Jewish refugees. As this could only be done by alteration of the arrangement already agreed to by the American and Irish Governments, it would avoid confusion if the Agudas Organization were informed of the situation, in which case it would doubtless abandon its effort to make arrangements with the Irish Red Cross in the interest of the more comprehensive official scheme for Jewish relief.

If you think well of the idea, you might have a copy of this letter to you transmitted to the Agudas Organization to explain the situation. It of course, as acting on my own responsibility but it seems unnecessary to trouble Washington with this matter if it can be arranged by you in London. I will, however, send the Department a copy of my letter to you.

With all best wishes, I am,

Yours sincerely,

The Honorable

John Wismart,

David Gray

U.S. Ambassador to Great Britain,
American Embassy, 1 Grosvenor Square, London

Mexico, D.F., August 24, 1944

RESTRICTED
FIRST PRIORITY
No. 19,677

Subject: With Further Reference to the Proposed
Establishment by Mexico of a Port of
Refuge for Refugees from Europe for
the Duration of the War.

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

I have the honor to refer to my despatches No. 19,191 of August 3, No. 19,249 of August 5, and No. 19,376 of August 9, in which I reported upon the proposed establishment by Mexico of a port of refuge for refugees from enemy-occupied countries in Europe for the duration of the war. I now have to supplement the information already transmitted by the following:

In order to determine the progress of the conversations which Messrs. Waldman and Landau were having with the Ministry of Gobernacion, I requested them to call on me on Sunday, August 20. They informed me that things were apparently going well, but slowly, and that certain details which it seemed desirable to have fully clear before they left Mexico City for the south were not yet ironed out. They said that they had not yet seen the Minister of Gobernacion, Mr. Aleman, but that they had seen the Official Mayor, in that Ministry, Mr. Casas Aleman, and were to see him again early this week. Mr. Waldman and Mr. Landau stated that they were naturally very anxious to proceed on their visit to other countries of South America. I told them that I thoroughly appreciated this but that things generally moved slowly in Mexico and they indicated their appreciation of this. I asked them to keep me informed if things did not go adequately well this week, and I would take up the matter with the Minister of Foreign Relations.

During a conversation with the Minister for Foreign Relations on August 22, I called attention to the visit of Messrs. Waldman and Landau here and said that there were some details still to be worked out with the Ministry of Gobernacion and that in view of the fine gesture of the Mexican Government through its announced
intention/

intention of establishing a port of refuge, I hoped that the remaining details would soon be worked out. The Minister, Dr. Padilla, who has taken a very understanding interest in this matter, immediately got in touch by telephone with the Minister of Gobernacion Mr. Aleman, and expressed the hope that whatever details remained to be worked out could be completed rapidly. The Minister of Gobernacion, Mr. Aleman, replied that all the details had been approved and that Messrs. Waldman and Landau could proceed with the assurance that "all was settled".

I saw Messrs. Waldman and Landau again on August 23, and informed them of the foregoing. They said that they had word late in the afternoon proceeding that the Ministry of Gobernacion had sent a note to the Ministry for Foreign Relations to the effect that the Ministry would appreciate the Ministry of Foreign Relations instructing the Mexican Consul in Bern, Switzerland, to accept from Mr. Soly to whom Mexican certificates were to be issued, and that the number of such certificates which the Mexican Consul was authorized to issue would be four hundred.

Last evening I communicated with the Under Secretary of Foreign Relations, Dr. Tello, who informed me that in fact the Ministry had received such a request from the Ministry of Gobernacion and had sent a telegram that afternoon to the Mexican Consul in Bern in the above sense. I expressed to the Under Secretary appreciation for the section of the Ministry.

I brought the foregoing to the attention of Messrs. Waldman and Landau, who are very much pleased, and who feel now that their visit to Mexico in this connection on behalf of the War Refugee Board has been a complete success. This was the final detail in connection with the port of refuge which it was necessary to have verified by the Mexican Government. Now that this step has been taken, it would appear that every appropriate step towards the establishment of a port of refuge has been taken by the Mexican Government.

I may say in this connection that Messrs. Waldman and Landau carried through their mission here with discretion and understanding. I have been of all possible help to them in connection with this matter, and they have shown understanding appreciation of the efforts which the Embassy has made.

Respectfully yours,

GSM/ger
848

George S. Messersmith
(To the Department in Quintuplicate)

Miss Chauncey (for the Soc'y), Abrahamson, Akzin, Cohn, DuBois, Drury, Friedman, Gaston, Hodol, Laughlin, Lesser, Mannon, Marks, McCormack, Pohle, Sargoy, Standish, Weinstein, Cable Control Files

CABLE TO NORWEB FROM WAR REFUGEE BOARD

Please deliver the following message to Dr. Joseph Schwartz,
242 Rua Aurea, Lisbon, from M. A. Leavitt of the American Jewish
Joint Distribution Committee:

QUOTE MARTKO MAIER CUKIER RUMANIAN NATIONAL NOW PALESTINE
CLAIMING \$35,000 ACCORDING ARRANGEMENTS SALLY MAYER STOP
TREASURY DEPARTMENT ASKING SPECIFICALLY WHERE AND WHEN
FOREIGN EQUIVALENT MADE AVAILABLE ALSO WHETHER SALLY MAYER
HAS ANY INFORMATION THAT CUKIER SOLE BENEFICIAL OWNER OF
FUNDS STOP VERIFY CLAIM UNQUOTE

THIS IS WRB CABLE TO LISBON NO. 82

3:05 p.m.
August 26, 1944

RDrury 8/26/44

CABLE TO NORWEB FROM WAR REFUGEE BOARD.

Please deliver the following message to Robert Pilpel,
c/o American Legation, from M. A. Leavitt of the American Jewish
Joint Distribution Committee:

QUOTE ON BASIS INFORMATION AVAILABLE TO US WE BELIEVE
UNNECESSARY CONTINUE EVACUATION OF CHILDREN FROM FRANCE
TO SPAIN STOP IF YOU AND STAFF SPAIN OF CONTRARY
OPINION PLEASE ADVISE UNQUOTE

THIS IS WRB CABLE TO LISBON NO. 83

3:05 p.m.
August 24, 1944

RDrury 8/24/44

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

August 24, 1944

11 p.m.

AMEMBASSY,
LISBON.
2331

The following WRB cable no. 81 is for Dexter from
Pehle.

In view of recent military developments in France
the War Refugee Board feels that no further efforts should
be made to rescue either children or adults from France
through Spain. This matter has been discussed with
Dr. Nahum Goldman who agreed and it is understood that
the JDC is cabling its Lisbon office along the lines of
the Board's decision. You should advise those persons
and organizations in Portugal interested in rescue opera-
tions of this decision of the Board and ask them to
advise their associates in Spain. In the event that any
of such persons or organizations are planning to continue such
rescue work from France through Spain you should promptly
advise me by cable.

Since the above-mentioned rescue operations are ended
insofar as the Board is concerned, I would appreciate
your views concerning what, if any, worthwhile projects
consistent with the Executive Order creating the Board
remain to be carried out in or from Portugal.

With reference your WRB 154 (Embassy's No. 2509).
Mann is going to England shortly where he will study
problem and submit recommendations to the Board for
its consideration regarding any action which it should
take.

(GIW)

WRB:MMV:KG
8/24/44

WE

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

August 24, 1944

Midnight

AMEMBASSY,
LISBON.
2332

The following for Norweb and Dexter from Department and War
Refugee Board is WRB 78.

(1) In order to take all possible advantage of report set out in item 1 of Department's 2118 of July 28, WRB's 62, this Government is prepared to take similar action on behalf of relatives of American citizens and resident aliens entitled under the law to nonquota or preference quota immigration status.

(2) Accordingly, consular officers in Portugal are hereby authorized to issue immigration visas to any alien who is the husband, wife, parent, or unmarried minor child of an American citizen and on whose behalf nonquota or first preference status has been established by the approval by the Department of Justice of a petition filed by such citizen relative, or who is the wife or unmarried minor child of an alien lawfully admitted into the United States for permanent residence and as such is entitled to second preference immigration status. The issuance of visas is subject to the proviso, however, that (a) such person other than a child under 16 years of age is found upon telegraphic reference to the Department for security check not to be the subject of an adverse report or to be open to reasonable suspicion because of the circumstances of the case such as those attending the release of a male applicant of military age, (b) such person is not affirmatively found by the consul to be inadmissible into the United States under the war, or (c) the consul does not consider that the case is one which should be recommended for consideration under the committee procedure.

(3) Consular officers in Switzerland, Sweden, Turkey, and Spain are similarly authorized and you should advise the Foreign Office that the Swiss Government is being requested to advise enemy governments, particularly Hungary and Germany, that American consular officers in neutral countries have been authorized to issue an immigration visa to the alien husband, wife, parent, and unmarried minor child of an American citizen, and the wife, and unmarried minor child of an alien resident of the United States who has been in an area controlled by Germany or any of Germany's allies, provided that such person presents himself to an American consular officer and is found not to be disqualified for a visa. At the same time, please attempt to secure the prompt agreement of the Portuguese Government to advise enemy governments of Portugal's willingness to permit the entry into Portugal of persons falling within the categories described above. You may assure Portuguese officials that any such persons so admitted will be adequately maintained and that any who may be found not (repeat not) to be qualified

-2- #2332, August 24, Midnight to Lisbon

for the issuance of a visa will be evacuated as promptly as possible. Similar requests are being made of Switzerland, Spain, Sweden, and Turkey.

(4) Appropriate private agencies are being advised of the foregoing so that the filing of petitions by citizens and resident alien relatives of victims of persecution may be expedited, and names of persons whose status within the categories above mentioned is established will be cabled to you from time to time. If any persons within such categories should arrive in Portugal after Portugal has advised enemy governments in accordance with item 3 above, but prior to any notification to you of the establishment of their status, please advise Board promptly of their names and of the names and addresses of relatives claimed in the United States.

(5) Please keep Department and Board advised of any developments in this program.

HULL

WRB:MMV:KG
8/22/44

VD

WE

MMC-645

PLAIN

Lisbon

Dated August 24, 1944

Rec'd 11:27 p.m.

Secretary of State,

Washington,

2612, Twenty-fourth, 6 p.m.

WRB 162.

Joseph Crustillon designated by World Jewish Congress under July 13th agreement rejects appointment and refuses to be bound by it. JDC here (see WRB 164) therefore considers agreement void and local representatives Jewish Agency acquiesce. In view present military situation feel this will not seriously affect rescue program. Also feel reasonably sure situation here and in Spain can be cleared wit out too much difficulty. . .

NORWEB

WWF NPL

NMC-647

PLAIN

Lisbon

Dated August 24, 1944

Rec'd 11:28 p.m.

Secretary of State,

Washington.

2613, Twenty-fourth, 6 p.m.

FOR LEAVITT FROM PILPEL WRB 164 JDC 57.

Joseph Crustillon designated by World Jewish Congress under July 13th agreement rejects appointment and refused be bound wherefore consider agreement void and status quo ante reestablished Spain, Portugal. Local committee now caring 20 children here and will care for additional arrivals from Spain and France.

NORWEB

WWF NPL

HIS-644

PLAIN
LisbonDated August 24, 1944
Rec'd 11:32 p.m.Secretary of State,
Washington.

2614, Twenty-fourth, 6 p.m.

FOR LEAVITT FROM PILPEL WRB 163 JDC 56.

318 individuals arrived Switzerland from Gergenbelsen yesterday Joseph Schwartz cabled Saly Mayer August seventh '96. Reference our recent conversation important your keep War Refugee Board fully advised and undertake no action without their full knowledge and consent. Should proposed meeting actually take place no commitments and kind can be made. It would seem advisable to keep negotiations open as long as possible and to listen to proposals which may be present without making any commitments before discussing them fully with Refugee Board and with us. This entire matter of such tremendous importance that no one organization can assume responsibility without the knowledge and consent of all the high and proper authorities."

NORWEB

WWF NPL

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

August 24, 1944

8 p.m

AMEMBASSY,
MADRID.
2361

Reference is made to Department's 2240 of August 12
and Childs' 251 to Department of August 12 ~~also repeated~~
~~to you.~~

Prospect of increasing number of childrens' visas
granted for Spanish Morocco as indicated in Childs' 251
is important. In this connection, reported efforts to
provided accommodation for additional children are
cordially welcomed by War Refugee Board. However, your
attention is drawn to the fact that additional visas,
once granted, may provide temporary protection of children
involved and may contribute to general alleviation of
situation in Hungary even prior to actual departure of
visa holders which might be indefinitely delayed by
Gestapo. Accordingly, you may in your discretion advise
Childs to support the request for additional visas with-
out reference to available reception facilities, and you
may, if you deem it advisable, proceed likewise with
regard to Spanish visas in general.

In view of the foregoing, please ascertain and
advise Department and Board whether and when 1500 and
500 visas already authorized have actually been given to
individuals by Spanish consulate in Budapest.

HULL
(GLW)

WRB:MMV:KG
8/24/44

WE

SE

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

August 24, 1944
10 p.m.

168

AMEMBASSY,
MADRID.
2363

The following from Department and War Refugee Board.

(1) In order to take all possible advantage of report set out in item 1 of Department's 2126 of July 28, this Government is prepared to take similar action on behalf of relatives of American citizens and resident aliens entitled under the law to nonquota or preference quota immigration status.

(2) Accordingly, consular officers in Spain are hereby authorized to issue immigration visas to any alien who is the husband, wife, parent, or unmarried minor child of an American citizen and on whose behalf nonquota or first preference status has been established by the approval by the Department of Justice of a petition filed by such citizen relative, or who is the wife or unmarried minor child of an alien lawfully admitted into the United States for permanent residence and as such is entitled to second preference immigration status. The issuance of visas is subject to the proviso, however, that (a) such persons other than a child under 16 years of age is found upon telegraphic reference to the Department for security check not to be the subject of an adverse report or to be open to reasonable suspicion because of the circumstances of the case such as those attending the release of a male applicant of military age, (b) such person is not affirmatively found by the consul to be inadmissible into the United States under the law, or (c) the consul does not consider that the case is one which should be recommended for consideration under the committee procedure.

(3) Consular officers in Switzerland, Sweden, Portugal, and Turkey are similarly authorized and you should advise the Foreign Office that the Swiss Government is being requested to advise enemy governments, particularly Hungary and Germany, that American consular officers in neutral countries have been authorized to issue an immigration visa to the alien husband, wife, parent, and unmarried minor child of an American citizen, and the wife and unmarried minor child of an alien resident of the United States who has been in an area controlled by Germany or any of Germany's allies, provided that such person presents himself to an American consular officer and is found not to be disqualified for a visa. At the same time, please attempt to secure the prompt agreement of the Spanish Government to advise enemy governments of Spain's willingness to permit the entry into Spain of persons falling within the categories described above. You may assure Spanish officials that any such persons so admitted will be adequately maintained and that any who may be found not (repeat not) to be qualified for the issuance of a visa will be evacuated as promptly as possible. Similar requests are being made of Switzerland,

-2- #2363, August 24, 1944, 10:00 p.m., to Madrid

169

Turkey, Sweden, and Portugal.

(4) Appropriate private agencies are being advised of the foregoing so that the filing of petitions by citizens and resident alien relatives of victims of persecution may be expedited, and names of persons whose status within the categories above mentioned is established will be cabled to you from time to time. If any persons within such categories should arrive in Spain after Spain has advised enemy governments in accordance with item 3 above, but prior to any notification to you of the establishment of their status, please advise Board promptly of their names and of the names and addresses of relatives claimed in the United States.

(5) Please keep Department and Board advised of any developments in this program.

HULL
(AAB)

WRB:MMV:KG
8/22/44

VD

WE

HC

August 24, 1944

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

AMLEGATION,
STOCKHOLM
1701

The following following for Johnson and Olsen from Department and War Refugee Board is WRB 77.

(1) Please express Department's and Board's appreciation to Foreign Office for action reported in your 3074 of August 12, No. 71 to WRB. In order to take all possible advantage of report set out in item 1 of Department's 1501 of July 28, WRB's 58, this Government is prepared to take similar action on behalf of relatives of American citizens and resident aliens entitled under the law to nonquota or preference quota immigration status.

(2) Accordingly, consular officers in Sweden are hereby authorized to issue immigration visas to any alien who is the husband, wife, parent, or unmarried minor child of an American citizen and on whose behalf nonquota or first preference status has been established by the approval by the Department of Justice of a petition filed by such citizen relative, or who is the wife or unmarried minor child of an alien lawfully admitted into the United States for permanent residence and as such is entitled to second preference immigration status. The issuance of visas is subject to the proviso, however, that (a) such person other than a child under 16 years of age is found upon telegraphic reference to the Department for security check not to be the subject of an adverse report or to be open to reasonable suspicion because of the circumstances of the case such as those attending the release of a male applicant of military age, (b) such person is not affirmatively found by the consul to be inadmissible into the United States under the law, or (c) the consul does not consider that the case is one which should be recommended for consideration under the committee procedure.

(3) Consular Officers in Switzerland, Turkey, Portugal, and Spain are similarly authorized and you should advise the Foreign Office that the Swiss Government is being requested to advise enemy governments, particularly Hungary and Germany, that American consular officers in neutral countries have been authorized to issue an immigration visa to the alien husband, wife, parent, and unmarried minor child of an American citizen, and the wife and unmarried minor child of an alien resident of the United States who has been in an area controlled by Germany or any of Germany's allies, provided that such person presents himself to an American consular officer and is found not to be disqualified for a visa. At the same time, please attempt to secure the prompt agreement of the Swedish Government to advise enemy governments of Sweden's willingness to permit the entry into Sweden of persons falling within the categories described

-2- #1701, August 24, 8:00 p.m., to Stockholm

above. You may assure Swedish officials that any such persons so admitted will be adequately maintained and that any who may be found not (repeat not) to be qualified for the issuance of a visa will be evacuated as promptly as possible. Similar requests are being made of Switzerland, Spain, Turkey, and Portugal.

(4) Appropriate private agencies are being advised of the foregoing so that the filing of petitions by citizen and resident alien relatives of victims of persecution may be expedited, and names of persons whose status within the categories above mentioned is established will be cabled to you from time to time. If any persons within such categories should arrive in Sweden after Sweden has advised enemy governments in accordance with item 3 above, but prior to any notification to you of the establishment of their status, please advise Board promptly of their names and of the names and addresses of relatives claimed in the United States.

(5) Please keep Department and Board advised of any developments in this program.

HULL
GHW

WRB:MMV:KG
8/21/44

VD

NOE

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

August 24, 1944

AMLEGATION,

STOCKHOLM.

1700

The cable below for Olsen is WRB 78.

Reference your No. 3028 of August 10, 1944. For your information, word has been received here to the effect that ~~Asschner~~, director general Tungaram Budapest has been taken to Germany and that payment of ransom in Sweden or Switzerland is being demanded for his release.

HULL

(GHW)

WRB:MMV:KG
8/23/44

NOE

SE

PMH-873

PLAIN

Stockholm via London

Dated August 24, 1944

Rec'd 5:19 p.m., 25th

Secretary of State,
Washington.

3275, 24th

Baltic news

SYDSVENSKA 23rd: Helsinki 22nd: First reports reached Helsinki today concerning population Russian occupied areas southern Estonia. Refugees arriving daily report cruelest Russian reprisals and women children seized deported Russiaward. Highways crowded exiles moving Pakoward afoot. All men aged 15 to 60 send labor camps. Several thousand municipal employees who remained posts shot. Report from Estonia's Evangelical Lutheran Church Board states 2 pastors who remained posts been shot.

TIDNINGEN 24th: Helsinki 22nd: Long time interval elapsed during which no information obtainable concerning Paets former Estonian President and General Laidoner former Commander-in-Chief Estonia Army. However letter from them arrived recently via Red Cross which took year and half reach addresses. Letter reveals that despite extremely difficult conditions they still alive. Paets was sent Ufa city in Ural area and Laidoner to Pensa in Kolga district.

DAGENS 24th: Visby TT: 58 more Baltic refugees chiefly representing upper classes arrived Gotland.

IDEM: Gaevle TT: 17 Estonians arrived Uppland coast reportedly from Finland.

JOHNSON

EU MRM

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
 TO: American Legation, Bern
 DATED: August 24, 1944
 NUMBER: 2918

CONFIDENTIAL

CABLE TO MINISTER HARRISON AND MCCLELLAND FROM THE DEPARTMENT OF STATE AND THE WAR REFUGEE BOARD:

(1) Reference your 4983 of August 3, Section 2. It is not the policy of this Government to deal in specific numbers. You may in your discretion, however, authorize the Swiss Foreign Office to reply to inquiry of German Legation, Budapest, by referring to the position of this Government as indicated by items 2 and 3 of Department's 2605 of July 28, WRB's 94, Department's 2977 of August 21, WRB's 122, and Department's 2657 of August 2 and item 3 below.

(2) Notwithstanding recent developments as indicated in your 5197 of August 11, this Government intends to pursue further the reported offers of Hungarian authorities as typified by your 4604 of July 19.

(3) Accordingly, please request appropriate officials of the Swiss Government to advise enemy governments, particularly Germany and Hungary, that American consular officers in neutral countries have been authorized to issue an immigration visa to the alien husband, wife, parent, and unmarried minor child of an American citizen, and the wife and unmarried minor child of an alien resident of the United States who has been in an area controlled by Germany or any of Germany's allies, provided that such person presents himself to an American consular officer and is found not to be disqualified for a visa. At the same time, please attempt to secure the prompt agreement of the Swiss Government to advise enemy governments of Switzerland's willingness to permit the entry into Switzerland of persons falling within the categories described above. You may assure Swiss officials that any such persons so admitted will be adequately maintained and that any who may be found not to be qualified for the issuance of a visa will be evacuated as promptly as possible. Similar requests are being made of Sweden, Spain, Turkey, and Portugal.

(4) Consular officers in Switzerland are hereby authorized to issue immigration visas to any alien who is the husband, wife, parent, or unmarried minor child of an American citizen and on whose behalf nonquota or first preference status has been established by the approval of the Department of Justice of a petition filed by such citizen relative, or who is the wife or unmarried minor child of an alien lawfully admitted into the United States for permanent residence and as such is entitled to second preference immigration status. The issuance of visas is subject to the proviso, however, that (a) such person other than a child under 16 years of age is found upon telegraphic reference to the Department for security check not to be the subject of an adverse report or to be open to reasonable suspicion because of the circumstances of the case such as those attending the release of a male applicant of military age, (b) such person is not affirmatively found by the consul to be inadmissible into the United States under the law, or (c) the consul does not consider that the case is one which should be recommended for consideration under the committee procedure.

-2- # 2198

Appropriate private agencies are being advised of the foregoing so that the filing of petitions by citizen and resident alien relatives of victims of persecution may be expedited, and names of persons whose status within the categories mentioned above is established will be cabled to you from time to time. If any persons within such categories should arrive in Switzerland after Swiss have advised enemy governments in accordance with item 3 above, but prior to any notification to you of the establishment of their status, please advise Board promptly of their names and of the names and addresses of relatives claimed in the United States.

(5) Please keep Department and Board advised of any developments in this program. Reference your 5042 of August 5 and your 5248 of August 12.

Please express to M. Pilet Golaz the appreciation of Department and Board.

HULL

THIS IS WRB BERN CABLE NO. 133.

WRB:MMV:KG

Paraphrase : DCR:VAG:MK 8/26/44

CABLE TO MINISTER HARRISON AND McCLELLAND, BERN, SWITZERLAND

This is the substance of information received by this Government from a thoroughly reliable eye-witness:

QUOTE Approximately 20,000 Hungarian Jews, children, men and women, had been concentrated in the open air for 4 or 5 days with nothing even to sit on except the ground. Then they had been herded into boxcars 80 persons per car, the car then nailed up and sent off to foreign destinations. The people are packed in the cars like sardines with no possibility of sitting or even moving. Many must have been dead on arrival. The people handling this affair were not Germans but Hungarian Gendarmes. UNQUOTE

This report bears out others coming to this Government from different sources that in the main the Hungarian Police have themselves been the instrument for arresting and deporting Jews from Hungary under conditions which are tragically cruel.

Please convey this information to Swiss Government for transmission to Hungarian authorities. These authorities are to be informed that their comment regarding these reports, which this Government regards as authentic, is awaited with interest.

For your confidential information, above reports reached Department from Amlegation Stockholm.

THIS IS WRB BERN CABLE NO. 142

9:30 a.m.
August 24, 1944

BAkzin:tmh 8-23-44

CABLE TO MINISTER HARRISON FOR McCLELLAND, BERN, SWITZERLAND

Reference is made to your 5343 of August 17.

Your activities described therein are approved and you may continue them as long as you deem it advisable.

THIS IS WRB BERN CABLE NO. 143

9:30 a.m.
August 24, 1944

BAkzin:tmh 8-23-44

DRAFT OF CABLE TO BERN

Please advise Isaac Sternbuch, St. Gall, representative in Switzerland of the Union of Orthodox Rabbis, New York City, that the Treasury Department has issued a specific license to the Vaad Mahatzala, The Emergency Committee for the Union of Orthodox Rabbis, to remit to Mr. Sternbuch the Swiss franc equivalent of \$100,000 to be used under license No. W-2117, as amended, in addition to remittances previously licensed.

THIS IS WRB CABLE TO BERN NO. 144

10:10 a.m.
August 24, 1944

SChurch:bn 8-19-44

DRAFT OF CABLE TO BERN

Please notify Mr. Marc Jarblum and Dr. A. Silberschein, 37 Quai Wilson, Geneva, Switzerland, that Treasury Department has issued license No. W-2275 to Poale Zion Organization and the Jewish National Workers Alliance, New York City, permitting them, as disbursing trustees, to arrange for relief and rescue operations in enemy and enemy-occupied territory. The terms of this license are identical to license No. W-2229, issued to the Queen Wilhelmina Fund, Inc., New York City, which was the subject of the Department's telegram No. 2438 of July 17, 1944. Under specific Treasury License Poale Zion Organization and the Jewish National Workers Alliance will remit immediately the Swiss franc equivalent of \$8,000, and in near future additional Swiss franc equivalent of \$10,000 to finance operations contemplated in such license. The operations covered by this license are approved by the Department, the War Refugee Board, and the Treasury.

THIS IS WRB CABLE TO BERN 145

10:10 a.m.
August 24, 1944.

REParke:bn 8/18/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: August 24, 1944
NUMBER: 5527

CONFIDENTIAL

We refer herewith to Legation's previous cable dated July 14, 1944, No. 4502.

The following supplemental information from the Swiss Legation in Budapest regarding treatment of Jews in Hungary was contained in the Foreign Office notice of August 17.

The Hungarian Foreign Ministry stated, in reply to request by Swiss Legation for additional information regarding "schutzhaft" as applied to Jews claiming foreign nationality, that schutzhaft is different from internment in that the Jews are not placed under schutzhaft as hostile manifestation but in their own interests and that authorities of Hungary are unable to guarantee their security without assembling them under police control. When there are private or professional affairs to regulate, Jews under schutzhaft are allowed to leave detention unaccompanied by police which is not allowed if they are interned.

Seven American citizens entitled to protection and thirty affected by "rules" as well as alien relatives of American citizens are among the Jews affected. (It is parenthetically stated in the notice that this statement was made before the receipt of the Department's ruling in its cable of July 27, 1944, No. 2584).

Two vast premises, one for men and the other for women, at deaf and dumb institute Festetics-Utica Budapest are used to lodge the persons affected. Mattresses and bedding placed partly on iron frames and partly on the floor are utilized as sleeping accommodations. Persons having means are permitted to buy foodstuffs but must purchase on black market since no ration cards are received by them. Those persons without resources are cared for by Jewish Council.

Following a recent inspection, Swiss Legation representative in Budapest accompanied by Dr. Schirmer, Intercross delegate, found the subsistence which the Jewish Council provides to be insufficient especially for children who receive no milk and sanitary installations were found to be satisfactory although there were only four waterclosets which were odorous and insufficient in number.

It was stated

- 2 -

It was stated by Red Cross delegate that although inmates are permitted to leave the premises and exercise in the courts, the conditions are the worst he had recently encountered among European civilian internees.

It was also stated in the notice that it is possible that the situation is due to the attitude of the authorities and local functionaries who are of the opinion that conditions at Festetich-Utca are excellent compared with other Hungarian camps to such extent that it is hard to persuade them to improve conditions and delegates of the Red Cross and the Legation agree that, except for freedom to leave premises in the case of schutzhaft, it is impossible to distinguish between schutzhaft and internment.

It is reported by the Swiss Legation that a certain number of American citizens in the provinces liberated from ghettos following its intervention are held in local prisons at the present time but must be transferred to Budapest shortly and that every attempt to ameliorate conditions at Festetich-Utca is being made by the Red Cross and the Legation.

Arrangements have been made by the Red Cross delegate to deliver to all internees having rights of Swiss protection weekly parcels of food.

HARRISON

DCR:IDB:FB 8/26/44

CABLE TO AMEMBASSY, ANKARA, TURKEY

Reference is made to your 1514 of August 18 to Department and your 34 of August 8 to Amembassy, London.

In accordance with Department's 665 of July 28 paragraph numbered 3, 685 of August 7 last paragraph, and circular cable of August 18, you are requested to continue your efforts to persuade Turkish authorities to receive Jews of all categories released by Hungary, notwithstanding reports of Swedish Government's consent to receive Jewish children from Hungary.

With respect to statement in your 1430 of August 5 to Department regarding Turkish transit visas to refugees who QUOTE hold UNQUOTE American immigration visas and similar statements in your 1514 to Department and 34 to Amembassy, London, please note that persons intended as beneficiaries of procedure developed in paragraph numbered four of Department's 665 of July 28 are those whose American visas were authorized subsequent to July 1, 1941, as well as those to whom such visas were actually issued. Please explain this point to Turkish authorities and request that they instruct their consuls in Hungary and elsewhere in enemy-held territory to issue transit visas to persons to whom American visas were authorized as well as to those to whom American visas were actually issued. In cases where applicants will not be able to furnish evidence of authorization, such evidence will presumably be available at local Swiss legation or consulate. In addition, efforts will be made to send a list of visa authorizations to you for transmission to Turkish Foreign Office which, it is hoped, will forward it to various Turkish consulates in enemy-held territory.

THIS IS WRB CABLE TO ANKARA NO. 105

9:00 a.m.
August 24, 1944

BAkzin:tmh 8-23-44

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

August 24, 1944
8 p.m.

AMEMBASSY,
ANKARA.
742

The following for Officer in charge and Hirschmann from
Department and War Refugee Board is WRB 102.

(1) Please express Department's and Board's appreciation to the Secretary General of the Ministry of Foreign Affairs for attitude reported in your 1480 of August 5. In order to take all possible advantage of report set out in item 1 of Department's 665 of July 28, WRB's 83, this Government is prepared to take similar action on behalf of relatives of American citizens and resident aliens entitled under the law to nonquota or preference quota immigration status.

(2) Accordingly, consular officers in Turkey are hereby authorized to issue immigration visas to any alien who is the husband, wife, parent, or unmarried minor child of an American citizen and on whose behalf nonquota or first preference status has been established by the approval by the Department of Justice of a petition filed by such citizen relative, or who is the wife or unmarried minor child of an alien lawfully admitted into the United States for permanent residence and as such is entitled to second preference immigration status. The issuance of visas is subject to the proviso, however, that (a) such person other than a child under 16 years of age is found upon telegraphic reference to the Department for security check not to be the subject of an adverse report or to be open to reasonable suspicion because of the circumstances of the case such as those attending the release of a male applicant of military age, (b) such person is not affirmatively found by the consul to be inadmissible into the United States under the law, or (c) the consul does not consider that the case is one which should be recommended for consideration under the committee procedure.

(3) Consular officers in Switzerland, Sweden, Portugal, and Spain are similarly authorized and you should advise the Foreign Office that the Swiss Government is being requested to advise enemy governments, particularly Hungary and Germany, that American consular officers in neutral countries have been authorized to issue an immigration visa to the alien husband, wife, parent, and unmarried minor child of an American citizen, and the wife and unmarried minor child of an alien resident of the United States who has been in an area controlled by Germany or any of Germany's allies, provided that such person presents himself to an American consular officer and is found not to be disqualified for a visa. At the same time, please attempt to secure the prompt agreement of the Turkish Government to advise enemy governments of Turkey's willingness to permit the entry

-2- #742, August 24, 1944 8:00 p.m. to Ankara

entry into Turkey of persons falling within the categories described above. You may assure Turkish officials that any such persons so admitted will be adequately maintained and that any who may be found not (repeat not) to be qualified for the issuance of a visa will be evacuated as promptly as possible. Similar requests are being made of Switzerland, Spain, Sweden, and Portugal.

(4) Appropriate private agencies are being advised of the foregoing so that the filing of petitions by citizens and resident alien relatives of victims of persecution may be expedited, and names of persons whose status within the categories above mentioned is established will be cabled to you from time to time. If any persons within such categories should arrive in Turkey after Turkey has advised enemy governments in accordance with item 3 above, but prior to any notification to you of the establishment of their status, please advise Board promptly of their names and of the names and addresses of relatives claimed in the United States.

(5) Please keep Department and Board advised of any developments in this program.

WRB:MMV:EB
8/22/44

VD

HULL
(AAB)
NE

BE-530
 Distribution of true
 reading only by special
 arrangement. (SECRET W)

Ankara

Dated August 24, 1944

Rec'd 6:14 p.m.

Secretary of State
 Washington

1553, August 24, 2 p.m.

CONFIDENTIAL

FOR PEHLE WRB FROM HIRSCHMANN ANKARA NO. 140

The written reply received from the Apostolic Delegate Istanbul indicates in summary that the assistance which the delegate can afford in matters relating to Hungary all his time is limited to the extension of facilities mainly in the nature of courier service. (REEMBS 1438, August 5) Principal aid thus far has been the transmission to the Apostolic Nuncio in Budapest of several thousand Palestine immigration certificates authorized by the Jewish Agency for Jews in Hungary. The Apostolic Delegate is without independent information on the present situation of Hungarian Jews. The reply further indicates that matters in which the assistance of the Catholic Church is to be enlisted should be taken up with the Cardinal Secretary of State at the Vatican.

It is reported by persons arriving from Hungary who recently passed through Istanbul that the deportation of Jews from Hungary has ceased for the present, but that with the exception of those in Budapest few Jews remain in Hungary. We are attempting to verify the above information.

KELLEY

WWF NPL

BAS-648
 This telegram must be
 paraphrased before being
 communicated to anyone
 other than a Government
 Agency. (RESTRICTED)

Ankara

Dated August 24, 1944

Rec'd 11:27 p.m.

Secretary of State,

Washington.

1554, August 24, 3 p.m.

FOR PEHLE FROM HIRSCHMANN. ANKARA'S NO. 141

For your information, Draganoff, in his speech before the Bulgarian Parliament on August 22 included a specific statement, regarding the Government's intention to proceed immediately to remove the Jewish regulations, "that this Government was never in conformity with the action on this question by the previous Bulgarian Government".

In view of the fact that Draganoff is Minister of Foreign Affairs and Cults and has, therefore, the authority to deal with this question we are encouraged to believe that the Bulgarian Government intends to act in good faith in this matter.

KELLEY

JJM
 NPL

DEPARTMENT OF STATE

BE

1944 AUG 31 PM 4 29

AIRGRAM

London

Dated August 24, 1944

Rec'd 5 p.m., 30th

COMMUNICATIONS
AND RECORDS
(LIAISON)Secretary of State
Washington

A-1033, August 24.

FOR SECRETARIES OF STATE AND TREASURY

Today's Times contains a letter from Lord Keynes replying to a question posed in the third article in the series mentioned in the Embassy's Airgram No. A-1027 of August 23rd and forwarded with despatch No. 17625 dated August 23rd. The letter is quoted in full below.

"To The Editor of the Times,

"Sir, - In your issue to-day you publish an article from a Special Correspondent, who asks (in more words than the following) whether, in a case where matched bulk purchasing is impracticable, the Bretton-Wood plan would be consistent with our requiring a country from which we import to take in return a stipulated quantity of our exports. The answer is in the affirmative.

"The most effective means of carrying out such a policy would be to supply the country taking our exports with a certificate which importers from that country would be required to produce as a condition of receiving an import licence into the United Kingdom. If such a policy were to commend itself to us and if it were consistent with any commercial agreements we might have signed, there is nothing in the Bretton Woods plan to prevent it. Equally there is nothing to prevent other countries from requiring us to take their imports as a condition of receiving our exports.

"I limit

-2- A-1033, August 24 from London

"I limit myself in this letter to answering the question of fact. Your Correspondent has tried hard in a long string of rhetorical questions to suggest (if he remembers his Latin grammar) that they should properly be preceded by Num. I am sorry to have to disappoint him by asking him to substitute Nonne.

Yours &c.,
Keynes"

WINANT

LCA/KARE:KGB

UNRESTRICTED

From:
Bombay, India
Dated: August 24, 1944
Rec'd: September 4, 1944

SEP 4 1944

Secretary of State,
Washington, D.C.

A - 107, August 24 - 1 p.m.

The following views of Sir Shammukham Chetty and Mr. A. D. Shroff, expressed in a joint statement to the Bombay TIMES OF INDIA on the Bretton Woods Conference may be of interest to the Department and the Treasury:

- (1) Sir Jeremy Ralsman's support of Indian members of the delegation was admirable but if India's prestige is to be maintained, the leader of future Indian delegations to international conferences should be an Indian national. The fact that the leader of the Indian delegation at Bretton Woods was not an Indian was embarrassing and humiliating.
- (2) India was excluded from a permanent seat on the Executive Committee of the Fund on political considerations. If purely economic considerations had been applied as originally intended, India would necessarily have received a higher position.

(3) Although there is general sympathy in America with Indian political aspirations, the average American is not showing much practical interest in Indian developments and it will be useless to expect any active American help in the settlement of political problems.

Despatch with full text of statement will follow.

DONOVAN

851
CWA:mk

Copy to American Mission, New Delhi
Consulate General, Calcutta
American Embassy, London

NOT TO BE RE TRANSMITTEDSECRETCopy No 11OPTEL No. 276

Information received up to 10 A.M. 24th August 1944.

1. NAVAL

Last night a British destroyer probably sank an armed coaster and damaged an R-boat and landing craft off CHERBOURG. In MEDITERRANEAN the port of SAN RAPHAEL now open. On 29th fighter bombers from escort carriers destroyed nine locomotives and 118 motor vehicles. Five aircraft were lost.

2. MILITARY

France. The second French armoured division entered PARIS yesterday. U.S. bridgehead over SEINE at MANTES further enlarged in spite of consistent German attacks. Two good bridges now built across river. U.S. troops who captured EVREUX have advanced about 10 miles further north and north West along the southern bank of SEINE to a point about 15 miles south of ROUEN. U.K. and Canadian troops made good progress along central front throughout 23rd advancing from 5 to 15 miles. German resistance slackening but has been fairly strong LISIEUX area.

Southern France In north U.S. forces still advancing rapidly. By mid-day 22nd reconnaissance elements were in vicinity GRENOBLE, whilst other units were moving from ASPREMENT towards LIVRON. GRENOBLE has since been entered and advance continued northwards. North of DURANCE advance continues and U.S. Forces are on outskirts APT. We have taken up defended line about 10 miles West AIX but patrols sent out from this area report no contact. In the South, French have captured HYERES and are advancing slowly against stiff resistance in TOULON.

Russia Russians report progress in ESTONIA S.W. of TARTU. They have further advanced in sector between WARSAW and LONZA and further south have captured DEBICA on railway East of TARNOW. On southern front further Russian advances south of JASSY between rivers SERETE and PRUTY, and ALGERMAN at mouth of DNIESTER has been captured.

3. AIR

Western Front. 23rd. 142 Thunderbolts attacked railway transport in Northern FRANCE destroying or damaging 23 locomotives, 132 wagons and 45 oil tankers. 300 fighters (two missing) flew offensive patrols over battle area, N.E. FRANCE and low countries; successfully attacking barges and road and rail transport. 176 Spitfires on defensive patrols PEAUVAIS-EVEREUX-ROUEN area met 50 to 80 German aircraft of which 14 were destroyed for loss of three Spitfires.

Mediterranean 22nd. 174 medium and light bombers and fighters effectively attacked transport, communications etc. in Northern ITALY and Southern FRANCE battle areas.

On 23rd. U.S. heavy bombers operating over VIENNA areas dropped 227 tons on an aircraft factory WIENER NEUSTADT and 164 on VIENNA southern industrial area. Others dropped 117 tons on a refinery and 320 on an airfield. Enemy casualties 44:14:10. 12 bombers one fighter missing.

German Activity. During 24 hours ending 6 A.M. 24th. 25 flying bombs plotted. Damage reported.