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September 5, 1944
11:25 a.m.

HMJr: Harry.

Harry
Hopkins: Yes.

HMJr: That was a most encouraging meeting.

H: God, wasn't it? I nearly fell through the floor.

HMJr: I wanted to get up and kiss Cordell for the first time.

H: And, of course, you probably knew, as a result of your dinner last night, what you were going to get from the other fellow.

HMJr: Well, I whispered that to you

H: Yeah.

HMJr: this morning.

H: My God! He was terrible.

HMJr: All you've got to do is to let kindness and Christianity work on the Germans.

H: Oh, boy! And

HMJr: What?

H: and -- and -- and -- and, of course, Henry, what fundamentally, I think -- it hurts him so to think of the non-use of property.

HMJr: Well, Harry

H: He's grown up in that school so long that property, God, becomes so sacred.

HMJr: I told you that yesterday, you remember, when you mentioned McCloy.

H: Well, he -- I was amazed at what he said. Do you think he really knew what he was saying? Do you think he disagrees with us so sharply?

HMJr: Yes, because he had a chance to rehearse this last night and Harry said to me, "Was Stimson

HMJr:
(Cont'd)

any clearer in his talking today than he was yesterday?" I said, "He was -- what he said was clearer but it -- what he said sounded worse."

H: Oh, I think it's terrible. And I tell you, Henry

HMJr: Yes.

H: I think it's fruitless to talk with him any more.

HMJr: Well, I think

H: And I think -- I feel pretty confident

HMJr: Yes.

H: as, I gather, you do

HMJr: Yeah.

H: about where the President is going to land in this.

HMJr: Yeah, but

H: Now, if Hull

HMJr: Yes.

H: will keep going to bat, we're going to be all right here pretty soon.

HMJr: Yeah, but I think we ought to get together with the President and let him know where these people stand.

H: You mean let him say it himself

HMJr: Yes.

H: what you think he'll say?

HMJr: Yes.

H: Well, I'm quite sure he will, too.

HMJr: And let him know where Stimson stands.

H: Yeah, and let Stimson tell him himself.

HMJr: Yeah.

H: I wish he could have heard what Stimson said today.

HMJr: He'll say the same thing.

H: God, that was terrible.

HMJr: Now, maybe these directives that have been coming out in the War Department haven't been an accident.

H: Yeah. Yeah. Yeah.

HMJr: Well

H: Well, he's impossible to have anything to do with this business.

HMJr: Well

H: I'll tell you that.

HMJr: And I like your idea of Patterson.

H: Yeah. Let me ask you this.

HMJr: But he ought to be sounded out.

H: Uh -- let me ask you this: now, we've got to get a note. Henry, I wanted to -- perhaps I could talk to White about this, but it's the last paragraph....

HMJr: Wait a minute. Wait a second until I open this thing, will you? Just hold on one second.

H: Yeah.

HMJr: I have it, Harry.

H: Now, if that, stated in general terms

HMJr: Yeah.

H: and without the indication of how this would be implemented

HMJr: Yeah.

H: is satisfactory

HMJr: Yes.

H: then you're home with the State Department....

HMJr: Right.

H: without -- you're probably never going to get those fellows to agree to your proposal. I don't know. I'm not so sure now that you won't. I'm quite sure you'd get Hull if it's handled right. And I'm rather glad you didn't bring the whole thing out there this morning.

HMJr: Well, I was

H: Because I think it might be better for you to bring that out at some other occasion with him....

HMJr: Yeah.

H: either -- privately, probably.

HMJr: Well, I was going to ask your advice on that. I thought that I might ask to see Hull alone.

H: I think that would be better.

HMJr: ... Yeah. ...

H: And you go over your ideas with Hull.

HMJr: Yeah.

H: Now, I'd like to get White's advice as to whether this -- you and I shouldn't be writing exactly the same memorandum to Hull -- same language, but I'll put it in my own language, you see?

HMJr: Yeah.

H: I'd like to get White's advice as to what he thinks of this last paragraph.

HMJr: Well, he hasn't seen it yet, and

H: Are you going to show it to him?

HMJr: Oh, yes, I was going to send for him. I was waiting for you to get back.

H: God, I'm very pleased this morning.

HMJr: Now, when do you want to see White?

H: Well, I think I can handle it with him on the phone.

HMJr: Well, he's in his office right now.

H: Well, but he hasn't seen this yet.

HMJr: No, that's -- supposing I have him call you

H: I could talk to him in a half hour or so.

HMJr: Fine. Now, let me -- now, what's the situation with the President?

H: Well, now, I haven't heard from Grace yet, but I -- the situation is that I asked Grace to get an appointment for us at four o'clock tomorrow afternoon for an hour and a half or two hours.

HMJr: Fine.

H: And she promised to let me know before noon.

HMJr: Good.

H: And I'll check that up with her right away.

HMJr: Because -- look, Harry, I think it's terribly important to let Stimson blow off like that in front of the President.

H: Yeah.

HMJr: And I think it's terribly important for the President to know where Hull stands.

H: Yeah.

HMJr: I don't think he knows.

H: Well, my God, I was so encouraged this morning.

HMJr: Yeah.

H: Weren't you?

HMJr: Yes, because nobody in his Department agrees with him.

H: Oh, no, and they don't talk -- except this memorandum -- on the whole, there's a lot -- some of it -- words I don't like -- if that last paragraph -- if those fellows mean what they say there

HMJr: Yeah.

H: God, you really can do the business.

HMJr: Now, how can we get hold of Patterson and have a session to sound him out?

H: No, I don't think you dare do that.

HMJr: You don't?

H: No, without talking to the President privately.

HMJr: I guess not.

H: And I wouldn't have any discussion in front of all those people....

HMJr: Oh, no.

H: about that with the President.

HMJr: No.

H: Yeah.

HMJr: Well, now the way it is, I'll have White call you within a half an hour and you're going to follow up with Grace and

H: That's right.

HMJr: And, of course, you agree with me that Hull and Stimson should have a chance

H: Yes.

HMJr: to do their stuff in front of the President?

H: That's right.

HMJr: Right?

H: Yeah. And -- well

HMJr: Gee, these meetings have been important.

H: I won't tell you anything more, but

HMJr: I've got all

H: I certainly am going to -- if I get a chance, I'm going to tip off the Boss because I think he might blow right up in Stimson's face. That would settle it, you know. Stimson would see there was no more use talking.

HMJr: Well, the final thing that Stimson said was, "I positively won't change." And then that final thing that kindness and Christianity will solve the thing.

H: Ridiculous! And then in effect he said, "I don't see any more -- any use of talking."

HMJr: Yeah.

H: Unless we're going to agree with them.

HMJr: Of course, what he wants -- he didn't come quite clean -- what he wants is a strong Germany as a buffer state and he didn't have the guts to say that.

H: Uh -- uh

HMJr: What?

H: Uh

HMJr: And I think if we could probe a little bit further we would find out that he's like some of these other fellows that are afraid of Russia.

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H: Yeah. Yeah.

HMJr: What?

H: Yeah. Yeah. Well, I think it's fine so far,
Henry.

HMJr: I do, too.

H: All right, fine.

HMJr: Bye.

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September 5, 1944
11:45 a.m.

RECOMMENDATIONS ON TREATMENT OF GERMANY

Present: Mr. D.W. Bell
 Mr. White
 Mr. Gaston
 Mrs. Klotz

H.M.JR: There was a meeting at Hull's office at ten-thirty this morning with Stimson, Hopkins and myself present.

Hull handed us a memorandum which had been prepared. (Refers to memorandum entitled "Suggested Recommendations on Treatment of Germany" from the Cabinet Commission to the President, dated September 4, 1944) *see OK 765:190,193*

He immediately started in on the question of the appointment of High Commissioner, which is the first point.

In Hull's outer office Hopkins asked me what I would think of Bob Patterson for High Commissioner for Germany, and I said I thought it would be perfectly swell. He moved on that, you see. Yesterday I turned down Harriman and McCloy. So we made some progress since yesterday.

Stimson didn't want to get in on the High Commissioner stuff because he had his mind on this exchange rate and he made a very passionate speech on the thing as though it were the most important thing in the world, and when we finally got him toned down I said we had asked the English to go along on ten cents. Hull spoke up and sort of brushed it aside and said, "Well, anything that the rest of you want is all right with me. I will go along."

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But Stimson said that it wasn't in the interest of the American soldier, and he wasn't going to stand for it, and he would protect the American soldier. He made a Fourth of July oration.

MR. WHITE: What wasn't to their interest?

H.M.JR: To let them have dollars.

Well, he got back finally to the question of the American High Commissioner. After considerable discussion we agreed we were all for a High Commissioner who should start now to work under Eisenhower. And I am more convinced than ever - because I asked Hull point blank what Robert Murphy's status was, and he said he is Political Adviser to Eisenhower on Germany. Now, the interesting thing is that that doesn't quite check. I asked his outer office for the oral release on it. The oral release says Robert Murphy is going to London to function as Political Adviser with the personal rank of Ambassador in the machinery that will be set up for the military government of Germany. (Oral Release of August 31, attached) p. 20

So the President - part of his impression was right because he kept insisting that Murphy was going to London.

MR. GASTON: And Reber was to be the Political Adviser. That is the way the papers printed it.

H.M.JR: The next question which came up was the question of partition, and in this memorandum of Hull's it says under "E" - "No decision should be taken on the possible partition of Germany," and Hull's reasons were that he hadn't made up his mind, and there was so much difference of opinion that he wanted to keep the thing as an open question. I spoke up and said that I thought we should recommend a plan to the President before he sees Churchill. Hull sort of took the attitude that if the President wanted advice he should ask for it. I said no, that I thought this was part of the work of this group.

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Then I said I knew that Isaiah Bowman had been working on this thing, and could we see what he has done and what he has, and so forth and so on. So Hull said that as far as he knew he had never seen anything Isaiah Bowman had done, and that was something between Bowman and the President. If Hull didn't tell me these things, I wouldn't believe them.

As the discussion developed it turned out - now you people will be amazed - that Stimson is opposed to making Germany a barren farm country in which we close up the various factories. (The Secretary reads from personal notes)

In other words, I gathered he wanted an international Ruhr and Saar and let them continue to produce. I then advanced my theory of locking up the Ruhr, and Stimson said he opposed that. More and more Stimson came out very emphatically, very positively, that he didn't want any production stopped. He said it was an unnatural thing to do, it ran in the face of the economy, and that you just couldn't do it.

And more and more it developed that Hull did want to take very drastic steps.

MR. GASTON: Hull did?

H.M. JR: Very. Hull gave an example which I will give you, which didn't seem to be very apropos, but he meant it to be. He said that after the Civil War everything was destroyed in the South and it gradually took the people seventy-five years to get back again. He was using that as an example of what he would like to see done in Germany.

MR. GASTON: We should reconstruct Germany the same way the South was reconstructed.

H.M. JR: That is right. Now, Stimson kept making these speeches about why we must keep up production in Germany, and he didn't say what he said last night - if I remember, what he did say when we mentioned the Ruhr

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was that we would put thirty million people out of work, although White had told them last night eighteen million people. But nothing we told them last night made any impression, it only seemed to make it more emphatic that he wanted the Ruhr to produce.

In the beginning Hopkins stated both sides of the issue, the one of production and the one of discontinuing, but I couldn't tell where he stood. But as Hull more and more made himself felt - Hopkins finally said to Stimson that he disagreed with him in his conclusions. So Stimson said, "This is just fighting brutality with brutality."

So Hopkins said to him, "Well, look, do you mean to say that if we stopped all production of steel in Germany that that would be a brutal thing to do?" And Stimson said, "Well, I just can't answer that."

But I came away with a very clear picture that Hull, I would say, is approaching this thing with the same viewpoint that I have, that he feels - he said - he used an example - he said, "This Naziism is down in the German people a thousand miles deep and you have just got to uproot it, and you can't do it by just shooting a few people."

And then he gave the example about how he made the hit with the Russians by telling them that he would have this drumhead court-martial and shoot all the people.

Well, Stimson didn't even seem to like that and he went into a long legal discussion of how you would have to have legal procedure before you shot the people, and had to do all of this on a legal basis.

Well, Hull doesn't want to wait; he just wants to shoot them all at dawn.

MR. BELL: Hull hasn't changed since his first conversation with you, then.

H.M.JR: No - when I came back--

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Now, here is one of the most significant things that Hull said to me. Hull said, "We even may have to make a few sacrifices at home" - no, he said, "We may have to sacrifice a little of our trade in order to make the Germans suffer." Now, that is verbatim.

MR. WHITE: That is what you said last night.

H.M.JR: And that is what I tried to say in my broadcast from London. But this is Hull.

Now, I will let you people read this thing (referring to State Department memorandum).

The upshot of the meeting was this - I thought that Hopkins didn't want me to see the President, but he has since called me and he said he is going to arrange for this meeting at four o'clock tomorrow afternoon, because I drove home the fact that I thought that the President must hear from Stimson in his own words on how he feels. I said, "Maybe all of these directives that have been coming out of the War Department aren't an accident; maybe they don't let you fellows sit in on the drafting; maybe that isn't an accident." So they are going to try to get us together.

Now, I am to make any comments that I want on this memorandum and get it into Hull's hands this afternoon, and then Hull will send all of these over to the President. I said I would send mine over. He kept saying, "If anybody has a plan, let them send it separately."

I don't know - why don't we all make our comments and send it over? You fellows will have to go into a huddle right away. I don't think there is much we have to do other than to spell out this idea of the Ruhr. And the reason I want to do it, Harry, is this: I have told it to the President and he likes it; I know that when I advocate this thing I don't have the solution of what to do with the people, but I want to be way off on this side, and then if, as a result of that, Hopkins says there shall be no steel mills, no chemical mills, in the entire Germany -

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not just the Ruhr - by staying in my corner - well, I didn't say there shouldn't be any steel produced in entire Germany, but now they are going to go clear across Germany - so I want to keep there in that corner, do you see? And if I keep there, that is going to commit Stimson and Hopkins, and I believe this is terribly important.

Hopkins says I may put a bee in the President's ear so the President will get angry and settle the issue then and there with Stimson, because Stimson said this - I wish I could remember all these things - he said, "I am not going to change one iota, and I am not going to say anything more about it."

Then at another time he said - he sort of fumbled around - he did this with me once before at lunch - he seems to be afraid to talk about Christianity in front of me, I don't know why - but I told him what I said in the first place, "Cordell, if you go back to the teachings of Jesus, and as Jesus lived at the time, I will go along with you when you talk about Christianity at the time of Jesus, and His sayings and thinkings." I would love to be able to live up to them all myself. But what he said was this, he finally said, "Well, I think that we can't solve the German problem except through Christianity and kindness."

MR. GASTON: He doesn't want any reduction in the German economy, any striking down of heavy industry?

H.M.JR: No. And he told us last night that to do that would unbalance the whole thing, and he still thinks that Germany could be the strong power, and so forth and so on.

MR. GASTON: That is just a thousand percent wrong.

H.M.JR: But look at all the work it has taken to bring this out, do you see? And Stimson kept referring all the time to some memorandum that came out of some committee over there, and how different that was from what Hull was talking about. So finally Hopkins said, "Now, look, let's forget all the papers; there are too damned many papers, anyway; we can't read them all, we have got to start fresh."

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Now, I am going to trust you people to the extent of letting you have everything I have here. I think that is the simplest way. But it goes in this envelope and I would like to have it all come back just like this.

Hull said this was a kind of committee. Hopkins said, "Isn't this Doc Matthews?"

I read it and it sounded very much like Hull, himself, to me.

MR. BELL: It is pretty strong, isn't it?

H.M.JR: Oh, yes. But would you people keep this together, because that is the stuff that I took to the meeting; I want it back.

MR. GASTON: Yes.

H.M.JR: Now, if it is necessary, I will be ready any time you people are ready. I don't see that we have to add very much.

MR. GASTON: The President has your other comments and stuff?

H.M.JR: Yes, he has the stuff, but the point - just read the very last thing, the summation, White.

MR. WHITE: (Reading) "The primary objectives of our economic policy are: 1. The standard of living of the German population shall be held down to subsistence levels; 2. German economic position and power in Europe must be eliminated; 3. German economic capacity must be converted in such manner that it will be so dependent on imports and exports that Germany cannot, by its own devices, reconvert to war production."

I glanced at this and the whole of it is - certainly partly, if not largely - Matthews; though not all. Some of the things have been taken from our memoranda.

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H.M.JR: The point that Hopkins made, which I think is a good point - he thinks it would be better to sort of accept that last thing without digging down into it too much, because we certainly could subscribe to every one of those things. They go just diametrically opposite to what Stimson says. If the President gets that thing, he will let Stimson know he is for that.

MR. GASTON: It is very crudely stated, but he better go along.

H.M.JR: That is right. But in the thing, raise the question of partition, and the Ruhr business.

MR. WHITE: It is general enough so we can put everything we want under it. "German economic capacity must be converted in such manner that it will be so dependent on imports and exports," in other words, they must not have within their borders the capacity to largely make war; well, that is what we are saying. Taken together with "German economic position and power in Europe must be eliminated" - I mean, this could be a general policy under which anything could be done, or a little could be done.

MR. BELL: You could add a supplemental memorandum to it - definitions.

MR. WHITE: That is right. Hopkins said something earlier - he said that these principles which are being drawn by the State Department are so general that you can drive a horse and wagon in them; you can make them one way or another. He says that is what we have to stop. Well, this is somewhat along that line.

H.M.JR: No, but you people who heard me - didn't I dictate after I saw Stimson, when I came back - I mean Hull? You heard that?

MR. BELL: Yes, Hull was very strong.

H.M.JR: He hasn't changed any.

MR. BELL: How did Patterson stand?

H.M.JR: Patterson's mind isn't on this thing. I know, but the point that I made with Hopkins that I am so happy about - that I have been able to see all these people - is that McCloy isn't the man to go. And I said, "After all, his clients are people like General Electric, Westinghouse, General Motors," and I said, "and Stimson's are, too."

MR. BELL: He had all the big claims.

H.M.JR: And so, as a result of that - then he asked about Harriman and I said the same thing would apply to him. Then he comes through with this fellow Patterson.

MR. WHITE: Patterson would be best.

H.M.JR: If you had that kind of directive and put it in the hands of Patterson, I wouldn't worry.

I think we have made great progress. Aren't you all delighted?

MR. GASTON: Fine. In Hull's position--

H.M.JR: It is so important. But you see, the trouble is, if I hadn't stirred this up all over town - Hull sits there and his attitude is, "The President should ask me what I think of the whole thing." If the President doesn't ask Hull what he thinks, he doesn't tell him.

Isn't this good?

MR. BELL: Very good.

H.M.JR: Well, you boys get together and any time you are ready, I am ready.

MR. WHITE: This is a departure from the State Department's position, there is no question about that - as indicated in their earlier memorandum.

- 10 -

MR. GASTON: Sounds to me like Hull dictated it himself, because it is not precisely stated.

MR. WHITE: No, but he had some of the earlier memoranda. I recognize some of the phrases, both ours and before that - do you remember - when I sent you that early copy of the memorandum which you received I sent a note saying we were going to use that as a basis of discussion on Friday, and gave copies to State and War, so they had a copy of that.

H.M. JR: Well, I don't think what I am asking you to do is very difficult. I don't mean to exclude the others but I am not feeling very well today and I just couldn't work with a bigger group. So will you include them if they could be helpful?

MR. BELL: This isn't supposed to be rewritten - just merely to submit your comments?

H.M. JR: I am simply to say where I agree or differ, so that I can add an agenda, the Treasury agenda, when it goes to the President. That is all. It isn't an agenda, it is comments.

MR. WHITE: They have not been taking up at all, apparently, the post-war surrender directive? That wasn't mentioned?

H.M. JR: Yes, we got in on that, but you see, the way it was - it was very interesting - if I hadn't been there nobody would have brought up the question of partition. But I insisted on bringing it up. And then they had so many papers, and Hull didn't have this right. So by bringing that up, it smoked this whole thing out and we just didn't get anywhere. We were there a full hour and a half, but Hull didn't want to bring it up. And the most unusual thing happened - Stimson addressed Hull, "Sir, I would like to say this, sir," and Hull comes back and say, "Now Colonel Stimson" - that is the way they talk to each other.

MR. WHITE: They are both going back to their second childhood.

- 11 -

MR. GASTON: One is Secretary of State for the Theodore Roosevelt Government and the other is Secretary of State for the Franklin Roosevelt Government.

H.M.JR: Why should a man of Stimson's position address another Cabinet Member as Sir?

MRS. KLOTZ: Did he always, or didn't you ever see them together?

H.M.JR: Well, you see what happened was, when he first used to go to Cabinet, I used to row there and bring out certain things, and Stimson says it is so embarrassing to him to row with Hull, so they arranged these meetings once a week over there and settle everything, and I am not around.

I thought Hull was having a good time this morning.

MR. WHITE: Well, he didn't have you to fight against. He had you on his side for once.

H.M.JR: Put in the memorandum on the transmittal - I mean, butter Hull up a little bit.

DEPARTMENT OF STATE

THE SECRETARY

September 5, 1944

ORAL RELEASE TO PRESS, AUGUST 31, 1944

Following the initial announcement from London, the Press Relations Section of the Department of State informed correspondents that Mr. Robert Murphy is going to London to function as Political Adviser with the personal rank of Ambassador in the machinery that will be set up for the military government of Germany. (The foregoing was cleared with the War Department)

Agenda for Meeting with Secretary of State

September 5, 1944

1. Currency question. *agreed that I should take up with F.I.R.*
2. Question of partition of Germany
3. Which zone is to be occupied by U.S.A. Army.
4. Post-surrender directive is awaiting approval by President and Combined Chiefs of Staff, and Departments concerned.
5. Question of punishment to be meted out to Germans.

SECRET

WAR DEPARTMENT
WASHINGTON

① L
22

September 5, 1944.

Dear Mr. Secretary:

I am enclosing herewith a copy of my comments on the paper of the State Department entitled "Suggested Recommendations on the Treatment of Germany from the Cabinet Committee for the President", which we discussed this morning.

Very sincerely yours,



Secretary of War.

Hon. Henry Morgenthau,
The Secretary of the Treasury:

SECRET

HLS 9/5/44.

I have considered the paper entitled "Suggested Recommendations on Treatment of Germany from the Cabinet Committee for the President", dated September 4th, submitted to the Committee by the Secretary of State and have discussed it with my colleagues on the Committee.

With the exception of the last paragraph I find myself in agreement with the principles stated therein and they are in conformity with the lines upon which we have been proceeding in the War Department in our directives to the Armed Forces.

The last paragraph, however, is as follows:

"h. The primary objectives of our economic policy are (1) the standard of living of the German population shall be held down to subsistence levels; (2) German economic position of power in Europe must be eliminated; (3) German economic capacity must be converted in such manner that it will be so dependent upon imports and exports that Germany cannot by its own devices reconvert to war production".

While certain of these statements by themselves may possibly be susceptible of a construction with which I would not be at variance, the construction put upon them at the discussion this morning certainly reached positions to which I am utterly opposed. The position frankly taken by

-2-

some of my colleagues was that the great industrial regions of Germany known as the Saar and the Ruhr with their very important deposits of coal and ore should be totally transformed into a non-industrialized area of agricultural land.

I cannot conceive of such a proposition being either possible or effective and I can see enormous general evils coming from an attempt to so treat it. During the past eighty years of European history this portion of Germany was one of the most important sources of the raw materials upon which the industrial and economic livelihood of Europe was based. Upon the production which came from the raw materials of this region during those years, the commerce of Europe was very largely predicated. Upon that production Germany became the largest sources of supply to no less than ten European countries, viz: Russia, Norway, Sweden, Denmark, Holland, Switzerland, Italy, Austria-Hungary, Romania, and Bulgaria; and the second largest source of supply to Great Britain, Belgium, and France. By the same commerce, which in large part arose from this production, Germany also became the best buyer or customer of Russia, Norway, Holland, Belgium, Switzerland, Italy, and Austria-Hungary; and the second best

-3-

customer of Great Britain, Sweden, and Denmark. The production of these materials from this region could not be sealed up and obliterated as was proposed this morning, without manifestly causing a great dislocation to the trade upon which Europe has lived. In Germany itself this commerce has built up since 1870 a population of approximately thirty million more people than were ever supported upon the agricultural soil of Germany alone. Undoubtedly a similar growth of population took place in the nations which indirectly participated in the commerce based upon this production.

I cannot treat as realistic the suggestion that such an area in the present economic condition of the world can be turned into a non-productive "ghost territory" when it has become the center of one of the most industrialized continents in the world, populated by peoples of energy, vigor and progressiveness.

I can conceive of endeavoring to meet the misuse which Germany has recently made of this production by wise systems of control or trusteeship or even transfers of ownership to other nations. But I cannot conceive of turning such a gift of nature into a dust heap.

-4-

War is destruction. This war more than any previous war has caused gigantic destruction. The need for the recuperative benefits of productivity is more evident now than ever before throughout the world. Not to speak of Germany at all or even her satellites, our Allies in Europe will feel the need of the benefit of such productivity if it should be destroyed. Moreover, speed of reconstruction is of great importance, if we hope to avoid dangerous convulsions in Europe.

We contemplate the transfer from Germany of ownership of East Prussia, Upper Silesia, Alsace and Lorraine (each of them except the first containing raw materials of importance) together with the imposition of general economic controls. We also are considering the wisdom of a possible partition of Germany into north and south sections, as well as the creation of an internationalized State in the Ruhr. With such precautions, or indeed with only some of them, it certainly should not be necessary for us to obliterate all industrial productivity in the Ruhr area, in order to preclude its future misuse.

Nor can I agree that it should be one of our purposes to hold the German population "to a subsistence level" if this means the edge of poverty. This would mean

-5-

condemning the German people to a condition of servitude in which, no matter how hard or how effectively a man worked, he could not materially increase his economic condition in the world. Such a program would, I believe, create tensions and resentments far outweighing any immediate advantage of security and would tend to obscure the guilt of the Nazis and the viciousness of their doctrines and their acts.

By such economic mistakes I cannot but feel that you would also be poisoning the springs out of which we hope that the future peace of the world can be maintained.

It is primarily by the thorough apprehension, investigation, and trial of all the Nazi leaders and instruments of the Nazi system of terrorism, such as the Gestapo, with punishment delivered as promptly, swiftly, and severely as possible, that we can demonstrate the abhorrence which the world has for such a system and bring home to the German people our determination to extirpate it and all its fruits forever.

My basic objection to the proposed methods of treating Germany which were discussed this morning was that in addition to a system of preventive and educative punishment they would add the dangerous weapon of complete economic

Treasury - As sent to Secy. Hall
9/5/44

TOP SECRET

Suggested Post-Surrender Program for Germany

1. Demilitarization of Germany.

It should be the aim of the Allied Forces to accomplish the complete demilitarization of Germany in the shortest possible period of time after surrender. This means completely disarming the German Army and people (including the removal or destruction of all war material), the total destruction of the whole German armament industry, and the removal or destruction of other key industries which are basic to military strength.

2. Partitioning of Germany.

(a) Poland should get that part of East Prussia which doesn't go to the U.S.S.R. and the southern portion of Silesia as indicated on the attached map. (Appendix A).

(b) France should get the Saar and the adjacent territories bounded by the Rhine and the Moselle Rivers.

(c) As indicated in part 3 an International Zone should be created containing the Ruhr and the surrounding industrial areas.

(d) The remaining portion of Germany should be divided into two autonomous, independent states, (1) a South German state comprising Bavaria, Wuerttemberg, Baden and some smaller areas and (2) a North German state comprising a large part of the old state of Prussia, Saxony, Thuringia and several smaller states.

There shall be a custom union between the new South German state and Austria, which will be restored to her pre-1938 political borders.

3. The Ruhr Area. (The Ruhr, surrounding industrial areas, as shown on the attached map, including the Rhineland, the Keil Canal, and all German territory north of the Keil Canal.)

Here lies the heart of German industrial power, the caldron of wars. This area should not only be stripped of all presently existing industries but so weakened and controlled that it can not in the foreseeable future become an industrial area. The following steps will accomplish this:

(a) Within a short period, if possible not longer than 6 months after the cessation of hostilities, all industrial plants and equipment not destroyed by military action shall either be completely dismantled and removed from the area or completely destroyed. All equipment shall be removed from the mines and the mines shall be thoroughly wrecked.

It is anticipated that the stripping of this area would be accomplished in three stages:

(i) The military forces immediately upon entry into the area shall destroy all plants and equipment which cannot be removed.

- 2 -

(ii) Removal of plants and equipment by members of the United Nations as restitution and reparation (Paragraph 4).

(iii) All plants and equipment not removed within a stated period of time, say 6 months, will be completely destroyed or reduced to scrap and allocated to the United Nations.

(b) All people within the area should be made to understand that this area will not again be allowed to become an industrial area. Accordingly, all people and their families within the area having special skills or technical training should be encouraged to migrate permanently from the area and should be as widely dispersed as possible.

(c) The area should be made an international zone to be governed by an international security organization to be established by the United Nations. In governing the area the international organization should be guided by policies designed to further the above stated objectives.

4. Restitution and Reparation.

Reparations, in the form of recurrent payments and deliveries, should not be demanded. Restitution and reparation shall be effected by the transfer of existing German resources and territories, e.g.,

(a) by restitution of property looted by the Germans in territories occupied by them;

(b) by transfer of German territory and German private rights in industrial property situated in such territory to invaded countries and the international organization under the program of partition;

(c) by the removal and distribution among devastated countries of industrial plants and equipment situated within the International Zone and the North and South German states delimited in the section on partition;

(d) by forced German labor outside Germany; and

(e) by confiscation of all German assets of any character whatsoever outside of Germany.

5. Education and Propaganda.

(a) All schools and universities will be closed until an Allied Commission of Education has formulated an effective reorganization program. It is contemplated that it may require a considerable period of time before any institutions of higher education are reopened. Meanwhile the education of German students in foreign universities will not be prohibited. Elementary schools will be reopened as quickly as appropriate teachers and textbooks are available.

(b) All German radio stations and newspapers, magazines, weeklies, etc. shall be discontinued until adequate controls are established and an appropriate program formulated.

6. Political Decentralization.

The military administration in Germany in the initial period should be carried out with a view toward the eventual partitioning of Germany into three states. To facilitate partitioning and to assure its permanence the military authorities should be guided by the following principles:

(a) Dismiss all policy-making officials of the Reich government and deal primarily with local governments.

(b) Encourage the reestablishment of state governments in each of the states (Lander) corresponding to 18 states into which Germany is presently divided and in addition make the Prussian provinces separate states.

(c) Upon the partition of Germany, the various state governments should be encouraged to organize a federal government for each of the newly partitioned area. Such new governments should be in the form of a confederation of states, with emphasis on states' rights and a large degree of local autonomy.

7. Responsibility of Military for Local German Economy.

The sole purpose of the military in control of the German economy shall be to facilitate military operations and military occupation. The Allied Military Government shall not assume responsibility for such economic problems as price controls, rationing, unemployment, production, reconstruction, distribution, consumption, housing, or transportation, or take any measures designed to maintain or strengthen operations. The responsibility for sustaining the German economy and people rests with the German people with such facilities as may be available under the circumstances.

8. Controls over Development of German Economy.

During a period of at least twenty years after surrender adequate controls, including controls over foreign trade and tight restrictions on capital imports, shall be maintained by the United Nations designed to prevent in the newly-established states the establishment or expansion of key industries basic to the German military potential and to control other key industries.

9. Punishment of War Crimes and Treatment of Special Groups.

There is attached (Appendix B) a program for the punishment of certain war crimes and for the treatment of Nazi organizations and other special groups.

10. Wearing of Insignia and Uniforms.

(a) No person in Germany (except members of the United Nations and neutral countries) shall be permitted to wear any military insignia of rank or branch of service, service ribbons or military medals.

- 4 -

(b) No such person shall be permitted to wear, after 6 months from the cessation of hostilities any military uniform or any uniform of any quasi military organizations.

11. Prohibition on Parades.

No military parades shall be permitted anywhere in Germany and all military bands shall be disbanded.

12. Aircraft

All aircraft (including gliders), whether military or commercial, will be confiscated for later disposition. No German shall be permitted to operate or to help operate such aircraft, including those owned by foreign interests.

13. United States Responsibility.

(a) The responsibility for the execution of the post-surrender program for Germany set forth in this memorandum is the joint responsibility of the United Nations. The execution of the joint policy agreed upon should therefore eventually be entrusted to the international body which emerges from United Nations discussions.

Consideration of the specific measures to be taken in carrying out the joint program suggests the desirability of separating the task to be performed during the initial period of military occupation from those which will require a much longer period of execution. While the U.S., U.K. and U.S.S.R. will, for practical reasons, play the major role (of course aided by the military forces of other United Nations) in demilitarizing Germany (point 1) the detailed execution of other parts of the program can best be handled by Germany's continental neighbors.

(b) When Germany has been completely demilitarized there would be the following distribution of duties in carrying out the German program:

(i) The U.S. would have military and civilian representation on whatever international commission or commissions may be established for the execution of the whole German program and such representatives should have adequate U.S. staffs.

(ii) The primary responsibility for the policing of Germany and for civil administration in Germany would be assumed by the military forces of Germany's continental neighbors. Specifically, these should include Russian, French, Polish, Czech, Greek, Yugoslav, Norwegian, Dutch and Belgian soldiers.

(c) Under this program United States troops could be withdrawn within a relatively short time. Actual withdrawal of United States troops should not precede agreement with the U.S.S.R. and the U.K. on the principles set forth in this memorandum.

- 5 -

14. Appointment of an American High Commissioner

An American High Commissioner for Germany should be appointed as soon as possible, so that he can sit in on the development of the American views on this problem.

9-5-44 (2)

Regraded Unclassified

APPENDIX BPunishment of Certain War Crimes and Treatment of Special Groups.A. Punishment of Certain War Criminals.(1) Arch-criminals.

A list of the arch-criminals of this war whose obvious guilt has generally been recognized by the United Nations shall be drawn up as soon as possible and transmitted to the appropriate military authorities. The military authorities shall be instructed with respect to all persons who are on such list as follows:

(a) They shall be apprehended as soon as possible and identified as soon as possible after apprehension, the identification to be approved by an officer of the General rank.

(b) When such identification has been made the person identified shall be put to death forthwith by firing squads made up of soldiers of the United Nations.

(2) Certain Other War Criminals.

(a) Military commissions shall be established by the Allied Military Government for the trial of certain crimes which have been committed against civilization during this war. As soon as practicable, representatives of the liberated countries of Europe shall be included on such commissions. These crimes shall include those crimes covered by the following section and such other crimes as such military commissions may be ordered to try from time to time.

(b) Any person who is suspected of being responsible for (through the issuance of orders or otherwise), or having participated in, causing the death of any human being in the following situations shall be arrested and tried promptly by such military commissions, unless prior to trial one of the United Nations has requested that such person be placed in its custody for trial on similar charges for acts committed within its territory:

(i) The death was caused by action in violation of the rules of war.

(ii) The victim was killed as a hostage in reprisal for the deeds of other persons.

(iii) The victim met death because of his nationality, race, color, creed, or political conviction.

(c) Any person who is convicted by the military commissions of the crimes specified in paragraph (b) shall be sentenced to death, unless the military commissions, in exceptional cases, determine that there are extenuating circumstances, in which

- 2 -

case other punishment may be meted out, including deportation to a penal colony outside of Germany. Upon conviction, the sentence shall be carried out immediately.

B. Detention of Certain Groups.

All members of the following groups should be detained until the extent of the guilt of each individual is determined:

- (a) The S.S.
- (b) The Gestapo.
- (c) All high officials of the police, S.A. and other security organizations.
- (d) All high Government and Nazi Party officials.
- (e) All leading public figures closely identified with Nazism.

C. Registration of Males.

An appropriate program will be formulated for the re-registration as soon as possible of all males of the age of 14 or over. The registration shall be on a form and in a manner to be prescribed by the military authorities and shall show, among other things, whether or not the person registering is a member of the Nazi Party or affiliated organizations, the Gestapo, S.S., S.A. or Kraft Korps.

D. Labor Battalions.

Apart from the question of established guilt for special crimes, mere membership in the S.S., the Gestapo and similar groups will constitute the basis for inclusion into compulsory labor battalion to serve outside Germany for reconstruction purposes.

E. Dissolution of Nazi Organizations.

The Nazi Party and all affiliated organizations such as the Labor Front, The Hitler Youth, The Strength-through-Joy, etc., should be dissolved and their properties and records confiscated. Every possible effort should be made to prevent any attempts to reconstitute them in underground or disguised form.

F. Prohibition on Exercise of Certain Privileges.

All members of the following groups should be dismissed from public office, disenfranchised and disqualified to hold any public office or to engage in journalism, teaching, and legal professions, or, in any managerial capacity in banking, manufacturing or trade:

- 3 -

(1) The Nazi Party.

(2) Nazi sympathizers who by their words or deeds materially aided or abetted the Nazi program.

(3) The Junkers.

(4) Military and Naval officers.

G. Junker Estates.

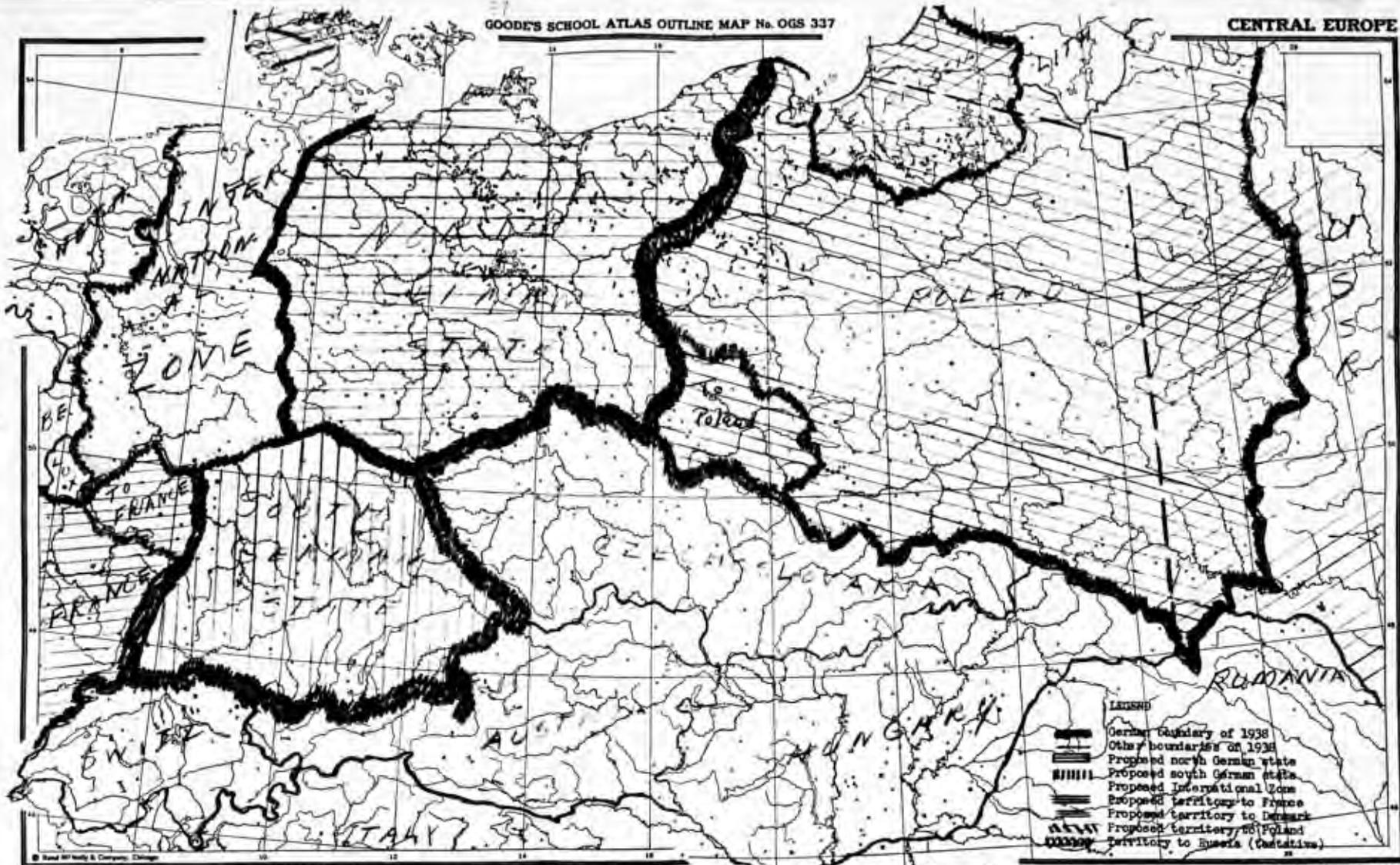
All Junker estates should be broken up and divided among the peasants and the system of primogeniture and entail should be abolished.

H. Prohibition on Emigration.

(1) A Proclamation shall be issued prohibiting any person resident in Germany from leaving or attempting to leave Germany, except with permission from the Allied Military Government.

(2) Violation of this Proclamation shall be an offense triable by military commissions of the Allied Military Government and heavy penalties shall be prescribed, including death.

(3) All possible steps shall be taken by the military authorities to prevent any such person from leaving (without permission).



- LEGEND
- German territory of 1938
 - Other boundaries of 1938
 - Proposed north German state
 - Proposed south German state
 - Proposed International Zone
 - Proposed territory to France
 - Proposed territory to Denmark
 - Proposed territory to Poland
 - Territory to Russia (Caucasus)

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Longitude East of Greenwich

Scale 1:4,000,000; one inch to 65 miles.
Cont. Projection

From Goode's School Atlas, pages 123-124

FOREIGN ECONOMIC ADMINISTRATION
Bureau of Areas
WASHINGTON 25, D. C.

In reply refer to
BA-843-ARR

September 5, 1944

Mr. William H. Taylor
Assistant Director
Division of Monetary Research
Treasury Department
Room 217 Treasury
Washington 25, D. C.

Dear Bill:

Enclosed is a copy of the comments of the Foreign Office on the SHAEF Civil Affairs Handbook for Germany. This is not an exact transcription of the comments, but my resume of them.

Sincerely,

s/s Allan

Allan R. Rosenberg, Chief
Economic Institutions Staff,
Liberated Areas Branch

Enclosure (1)

U. S. SECRET -- BRITISH MOST SECRET

COMMENTS OF THE FOREIGN OFFICE, JULY 3rd, 1944 ON CIVIL AFFAIRS
HANDBOOK FOR GERMANY (Submitted by J. M. Troutbeck)1. General Comments

The Foreign Office does not propose to make extensive criticism of the document in view of (a) the shortness of time given to it for comment; (b) the fact that the document itself is tentative, controversial, and may be changed; (c) the criticism of the Foreign Office would be as long as the document itself, and (d) such criticism would be unnecessary since responsibility for the type of planning embodied in the document may be transferred elsewhere.

1. Organisation of Civil Affairs - Introduction

This is not adapted to tripartite control. In fact, it is contrary to it. (See introduction to Chapter I and reference to Civil Affairs officials at the national level.)

2. Terms of surrender. This is not referred to.

3. Pre-surrender and Post-surrender. Throughout the document this distinction is not adhered to e.g. the suppression of political activity is O.K. for the first period, but not for the second.

4. General Policy. This in many instances is wrong, or questionable, e.g. (a) the comments on regionalism on Page 3 of the Forward are not accurate in the British view. Regionalism in Germany is not a transitory thing. (b) the wisdom of censoring books in public libraries is questioned. (c) the chapters on Finance and Property make assumptions with respect to restitution, settlement of pre-war claims and compensation for German victims of discriminatory legislation which are unwise and unauthorized.

(d) Paragraph 168 (b) of Chapter 10 goes beyond any policy known to the British with respect to war crimes.

(e) The document envisages that the borders of the three zones of administration in Germany will be under extremely strict control, and that virtually no passage by persons, goods, or services will be allowed to cross them. This is unwise.

5. Over-all Consistency. The document is at the same time too lenient and too severe with respect to Germany. As examples of too great severity, it proposes to close the banks, Post-Offices, cinemas, schools, courts, newspapers, theatres, museums for a time; to close down the postal, telephone and telegraph services until censorship has been arranged and then transfer them to Army Signals.

As examples of too great leniency the ORPD is regarded as almost an allied force. (See Paragraph 57, 127, 133 and preliminary orders to the head of the Police Force (part III).

6. Direct and Indirect Rule. The document attempts to accomplish too much, in too great haste, with too much direct supervision, e.g., the transfer to the Ministries of a great many functions set up apart from the Ministries; the injunction in the chapter on labor to "correct and revise German Social Insurance and Workman's compensation Legislation where it is unjust and inequitable;" the abolition of the Reich Ministry of Church Affairs. The Foreign Office is of the view that this might wait and be done by the German people themselves.

7. Interests of the German people. The Foreign Office is of the view that these are too zealously protected. The document does not:

- (a) call for the return to former owners all property, equipment, stolen by the Nazis. (See Chapter on Transportation)
- (b) There are too many references to imports of food to establish a standard beyond "the avoidance of disease and unrest",
- (c) The conservative policy with respect to German timber is wrong

because it seeks to safeguard German resources when it may be necessary to use them in the reconstruction of Europe and to prevent the stripping of resources of formerly occupied countries.

8. Purge of Nazi Personnel. The policy of the document is too lenient. (see para. 123/4 and 153/3). The public safety chapter contemplates the retention with certain modification of the GRENZ POLITZEI (Part of the Gestapo) and arranges for their use to man the U.S./U.K./Soviet borders in Germany.
9. Quartly. The separate chapters of the document seem to have been written without reference to one another, and the document as a whole lacks clarity. (See 5 above Overall Consistency) e.g. in the chapter on Public Safety the Technische Wehrhilfe is to be retained. In the chapter on Public Safety the Technische Wehrhilfe is to be abolished; there is inconsistency in the amount of arms allowed to be retained by the Police, and with respect to the definition of displaced persons. In the chapter on property the four different categories and the policy for each need to be more clearly differentiated. The Nazi Party is dealt with in a number of chapters. (Internal affairs, welfare, labor, Civil Defence) and its treatment needs clarification.

TO:

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Secretary Morgenthau

Sept. 7, 1944

Herewith technical chemical
viewpoint.

Mr. McConnell

R. E. M.

CHEMICAL & METALLURGICAL ENGINEERING
MCGRAW-HILL BUILDING
330 WEST 42ND STREET
NEW YORK, N. Y.

OFFICE OF THE EDITOR

September 5, 1944

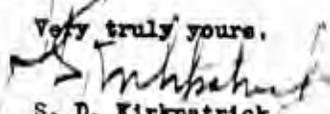
Mr. Robert E. McConnell,
Special Assistant to the
Secretary of the Treasury,
Treasury Department,
Washington, D. C.

Dear Mr. McConnell:

It is my privilege to transmit herewith a preliminary memorandum on the subject: Disposition and Control of German Chemical Industries. It has been prepared with the cooperation of Dr. Edward R. Weidlein Director of the Mellon Institute of Industrial Research, and Dr. Ernest W. Reid, Vice President in Charge of Research for the Corn Products Refining Company. Dr. Weidlein, as you know, organized the chemical industries division for the Office of Production Management in June, 1940, and continued as its head until succeeded by Dr. Reid. Dr. Weidlein served as a consultant to Mr. Baruch in War Industries Board of World War I. Dr. Reid was formerly a senior research fellow for the Carbide and Carbon Chemicals Corporation, and for some time represented that corporation's technical and commercial interests in Europe.

In 1919, the writer served as technical assistant to the late Dr. F. W. Taussig on the American Commission to Negotiate Peace, at the Hotel Crillon in Paris. My official duty had to do with chemical reparations and in that connection I attended conferences and visited and inspected German, French and Italian chemical plants. Since then I have endeavored to maintain close contacts with most European chemical industries.

It is suggested that in the event you or the Secretary desire more information regarding the viewpoint of the American chemical industry, this could probably best be obtained from the Chemical Advisory Committee, which was set up by the Army and Navy Munitions Board and has served continuously since 1940. The chairman of that advisory committee is Mr. Lamot du Pont, and its secretary is Warren H. Watson, 608 Woodward Building, Washington, D. C.

Very truly yours,

S. D. Kirkpatrick
Editor.

cc Dr. E. R. Weidlein
Dr. E. W. Reid

MEMORANDUM

To Robert E. McConnell, Special Assistant
to the Secretary of the Treasury

Subject: Disposition and Control of
German Chemical Industries

Any plan for the disarmament of Germany must necessarily deal with the disposition of her chemical and oil industries. Nitrogen products and sulphuric acid are the basic raw materials of military explosives. Coal hydrogenation and processing yield the synthetic fuels and lubricants that are essential for mechanized warfare. With proper control of ammonia, nitric and sulphuric acids, gasoline and oil, the building up of munitions and the mobilization of ordnance could readily be prevented.

In considering plans for the postwar status of the chemical industry in Germany, it should be pointed out that there are still many unknown factors which may tend to change present ideas on the laying down of a very definite program. However, we are proceeding here on two assumptions: (1) That from an economic viewpoint, as well as strictly military considerations, it will be essential to maintain definite control over imports and exports, not only of Germany proper but perhaps of some of the adjoining countries in Europe, and (2) Occupation forces will be such as to maintain control over certain basic industries to limit their production and prevent the construction of additional plant facilities.

The two most important and basic chemicals are undoubtedly nitrogen products and sulphuric acid. They are essential not only for the production of explosives and ordnance materials but also for a large number of chemical products for civilian needs. To control the output of

nitrogen products and sulphuric acid would, therefore, permit simple and practicable control of the chemical industry and at the same time prevent the production of munitions of war.

Nitrogen Products

Although definite information is lacking, it has been reliably estimated that the total synthetic ammonia production of Germany in 1939 was around 1,600,000 tons, of which about one-third was formerly exported. This was supplied in the form of nitrogenous fertilizers to countries all over the world. Naturally all of this production and what has since been added to it were available in the form of nitric acid for the production of explosives. It is suggested, therefore, that Germany be permitted to retain only sufficient synthetic ammonia capacity to meet her own industrial and fertilizer demands and that all excess capacity be scrapped or otherwise removed from within her boundaries.

Sulphuric Acid

The latest figure we have on sulphuric acid, is that during the year 1939 Germany produced 2,800,000 metric tons. Before the war she was able to produce approximately 50,000 tons of sulphur or its equivalent by recovering this element from the gases from by-product coke ovens and synthetic gasoline plants and by the utilization of some low-grade pyrites from within her own boundaries. For the most part, Germany was required to import pyrites from Spain or sulphur from Sicily for the production of sulphuric acid and since both of these commodities are of considerable bulk, their importation and storage can be adequately controlled. Sulphuric acid plants, as well as synthetic ammonia plants, are of rather large size and it would be difficult to conceal the construction of such works. Small quantities of both sulphuric acid and nitric acid may be

recovered as by products from other operations but not on sufficient scale to support a program for military explosives.

Gasoline and Oil

In addition to the basic chemicals mentioned above, gasoline and oil are just as essential as explosives to carry on modern warfare. It has been estimated that Germany had approximately thirty synthetic gasoline plants prior to the war although not all of these were within the borders of Germany itself. In 1941, these plants produced around 30 million barrels of synthetic motor fuels, which represents a trebling of their 1938 output. These plants depend largely on brown coal and coke oven tars. Their costs are so high as to make production uneconomic in competition with petroleum products. It is therefore suggested that these synthetic gasoline plants should be scrapped and petroleum products controlled through their importation. The elimination of these plants will also restrict the production of toluene and benzene to that obtained from by-product coke ovens. It will also limit sulphur recovery.

Summary and Recommendation

Since the internal economy of Germany will have to be reorganized after the war and since her previous economy was dependent to a considerable extent on the importation of raw materials which were made into finished products for export abroad, it would appear that this utilization of German labor must be carried on in order to maintain even minimum standards of living. Other countries of Europe were dependent to a large extent for their own economy upon the export of their raw materials to Germany and the import of finished goods. This applied in particular to chemical products such as dyes and pharmaceuticals and a large number of

organic products in addition to the nitrogenous fertilizers previously noted.

To attempt to control these two to three thousand chemicals that were produced by Germany before the war would appear to be absolutely impracticable. On the other hand, the control of the two most basic commodities, nitrogen products and sulphuric acid, would be comparatively simple and should provide an adequate control on the production of chemicals as well as that of military explosives. It is our recommendation that studies be made immediately of the means of putting such controls into effect.

Respectfully submitted,

Sidney D. Kirkpatrick
Ernest W. Reid
Edward R. Weidlein

September 5, 1944

REGULATIONS GOVERNING PAYMENTS BY INCORPORATED BANKS AND TRUST COMPANIES IN CONNECTION WITH THE REDEMPTION OF UNITED STATES SAVINGS BONDS

1944
Department Circular No. 750

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, September 5, 1944.

Pursuant to the authority of the Second Liberty Bond Act, as amended, the following regulations are hereby prescribed to govern payments by incorporated banks and trust companies in connection with the redemption of United States Savings Bonds on and after October 2, 1944:

Subpart A—AUTHORITY TO ACT

Sec. 321.1. *Banks and trust companies authorized to act.*—All banks and trust companies, incorporated under general or special laws of the United States, the District of Columbia, any State, territory or insular possession of the United States, or the Canal Zone, are eligible and are hereby authorized, on and after October 2, 1944, to make payments in connection with the redemption of United States Savings Bonds, subject to the provisions of this circular and any instructions issued hereunder: *Provided, however,* That each bank or trust company must be duly qualified by the Federal Reserve Bank of the District¹ before it may make any such payment. Federal Reserve Banks, as fiscal agents of the United States, are authorized to qualify eligible banks and trust companies hereunder, and to terminate any such qualification as hereinafter provided.

Sec. 321.2. *Application and qualification.*—Any eligible bank or trust company which desires to qualify to make payments in connection with the redemption of United States Savings Bonds should make application to the Federal Reserve Bank of the Federal Reserve District in which it is located on Application-Agreement Form PD 1958 (see appended exhibit A), copies of which may be obtained from the appropriate Federal Reserve Bank. If the application is approved, the Federal Reserve Bank will forward to the bank or trust company a Notice of Qualification Form PD 1959 (see appended exhibit B), establishing that it is qualified to make payments in connection with the redemption of the United States Savings Bonds hereinafter specified. If the application is not approved, the bank or trust company will be so advised in writing by the Federal Reserve Bank of the District.

Sec. 321.3. *Termination of a bank's qualification to pay bonds.*—The Secretary of the Treasury or under authority of the Secretary the appropriate Federal Reserve Bank, as fiscal agent of the United States, may, by written notice, at any time and without previous demand or notice, terminate the qualification of any bank or trust company to pay United States Savings Bonds. A duly qualified bank or trust company may discontinue making payments at any time upon written notice to the Federal Reserve Bank, and its qualification shall thereupon cease.

Subpart B—GENERAL

Sec. 321.4. *Meaning of terms in this circular.*—Hereinafter, for the purposes of this circular, unless otherwise indicated specifically, or by context, the terms:

(a) "Bank(s)" shall mean any eligible incorporated bank or trust company duly qualified pursuant to the provisions of this circular to make payments in connection with the redemption of the United States Savings Bonds hereinafter specified, including such branches and facilities thereof located within the United States (including the territories and insular possessions of the United States and the Canal Zone) as it may desire to utilize for this purpose. The term "facilities," as used herein, is defined as those bank facilities at army and navy installations and at defense plants which have been established for the duration of the war with the specific approval of the Treasury Department.

(b) "Bond(s)" shall include *only* United States Savings Bonds of Series A, B, C, D or E, including bonds of Series E designated "Defense Savings Bonds" or "War Savings Bonds." (SAVINGS BONDS OF SERIES F AND G ARE NOT INCLUDED.)

¹ For the purpose of this circular, banks and trust companies in Puerto Rico, the Virgin Islands and the Canal Zone shall be considered as being within the Second Federal Reserve District and shall make application to the Federal Reserve Bank of New York, and banks and trust companies in Alaska and Hawaii shall be considered as being within the Twelfth Federal Reserve District and shall make application to the Federal Reserve Bank of San Francisco.

(c) "Owner(s)" shall mean an individual (natural person) whose name is inscribed as an owner (or coowner) in his own right on a bond which is registered in any of the following forms:

- (1) in the name of a single individual in his own right, e.g. "John A. Jones;"
- (2) in the names of two individuals as coowners, e.g. "John A. Jones or Mrs. Ella S. Jones" (each is considered as an "owner," and payment may be made to either without the consent of the other); or
- (3) in the name of one individual, payable on death to another, e.g. "John A. Jones, payable on death to Mrs. Ella S. Jones," or "John A. Jones, p. o. d. Mrs. Ella S. Jones." (In this example, John A. Jones is the "owner" and Mrs. Ella S. Jones is the beneficiary. Payment under this circular to a beneficiary is not authorized.)

(d) "Federal Reserve Bank" includes each Federal Reserve Bank and each Branch of a Federal Reserve Bank which has been or may hereafter be utilized by such Federal Reserve Bank to conduct any of the transactions in connection with which the term is used in this circular.

Sec. 321.5. *Reimbursement of banks' costs.*—A bank shall not make any charge against the owners of bonds for payments made hereunder. However, each bank shall be entitled to receive, for its service in paying bonds hereunder, reimbursement for bonds paid and forwarded to the Federal Reserve Bank each calendar quarter according to the following scale, which shall be applicable separately to each bank and each of its branches and facilities, if utilized, and if the bonds paid by each are separately scheduled and accounted for:

- 15 cents each for the first 1,000 bonds
- 12 cents each for the second 1,000 bonds
- 10 cents each for all over 2,000 bonds.

The date such bonds are forwarded to the Federal Reserve Bank will govern the rate of reimbursement, and the payment of such amount as the bank is entitled to receive shall be made by the Federal Reserve Bank on behalf of the Treasury Department.

Sec. 321.6. *Announcements etc. of authority to pay bonds.*—Any announcement of or any reference to a bank's authority to pay savings bonds may be made only in a form or manner or contain such statements or substance as may be approved by the Secretary of the Treasury or, under authority of the Secretary, by the Federal Reserve Bank of the District, as fiscal agent of the United States. A bank shall not make such announcements or references unless and until it is officially qualified to pay bonds.

Subpart C—SCOPE OF AUTHORITY OF BANKS

Sec. 321.7. *General.*—In order to protect the interests of the owners and to insure receipt by the proper persons of the proceeds thereof, savings bonds are registered, are not transferable, and are payable only to the owner named on the bond (except as otherwise specifically provided in the regulations governing the bonds). This policy must be understood and effectuated by each bank, notwithstanding the authority granted herein to make payments of bonds, since it is of the utmost importance that payment of the appropriate redemption value of the bonds be made to and received by only the persons entitled under the terms and conditions of the bonds and applicable regulations.

Sec. 321.8. *Payments authorized.*—Subject to the terms of the bonds and to the provisions of the regulations governing them (Treasury Department Circular No. 530, as currently in effect on the date of payment) and the provisions of this circular, a bank may make payment of any United States Savings Bond of Series A, B, C, D or E, to the individual (natural person) whose name is inscribed as the owner (or coowner) in his own right on the bond; *Provided*, That such individual presents the bond to the bank for payment and that the individual is known to the bank or establishes his identity to the complete satisfaction of the bank. This authority to make payments to the owner named on the bond will be held to include the following exceptional cases:

- (a) Where the name of the owner as inscribed on the bond has been changed by marriage and the bank knows or can establish to its complete satisfaction the identity of the owner whose name has been so changed. The signature to the request for payment should show both names, for example—"Miss Mary T. Jones, now by marriage Mrs. Mary J. Smith." **BANK IS NOT AUTHORIZED TO PAY A BOND FOR AN OWNER WHOSE NAME AS INSCRIBED ON THE BOND HAS BEEN CHANGED IN ANY OTHER MANNER.**

- (b) Where the name of the owner inscribed on the bond is that of a minor child who is not of sufficient competency and understanding to execute the request for payment and comprehend the nature of such act but upon whose behalf request for payment is made by a parent with whom the child resides: *Provided, however*, That the form of registration does not indicate a guardian or similar representative of the estate of the minor owner has been appointed or is otherwise legally qualified. The parent requesting payment on behalf of the minor child must be known or his or her identity established to the complete satisfaction of the bank, and the parent must sign the request for payment in the form—"John A. Jones, on behalf of John C. Jones" and affix an endorsement in substantially the following form, which may be typed on the back of the bond: "I certify that I am the

(father or mother) of John C. Jones and the person with whom he resides. He is _____ years of age and is not of sufficient competency and understanding to sign the request." *Such a payment may not be made to any person other than a father or mother.*

Sec. 321.9. *Specific limitations of payment authority.*—A bank is not authorized hereunder to pay a bond:

- (a) if the bond is presented for payment prior to the expiration of 60 days from the issue date (the issue date should not be confused with the date appearing in the issuing agent's dating stamp).
- (b) if the bank does not know or can not establish to its complete satisfaction the identity of the person requesting payment as the owner of the bond (including the establishment of the identity of parents requesting payment on behalf of minor children, as set forth in Sec. 321.8 (b)).
- (c) if the owner requesting payment (form for which appears on the back of each bond) does not sign his name in ink as it is inscribed on the face of the bond and show his home or business address. (See also Secs. 321.8 (a) and (b) and 321.10 (d).)
- (d) if the bond appears to bear a material irregularity, for example, an altered, illegible, incomplete or unauthorized inscription, issue date or issuing agent's validating stamp impression; or if a bond appears to be altered, or is mutilated or defaced in such a manner as to create doubt or arouse suspicion with respect to the bond or any essential part thereof.
- (e) if the bond is marked "DUPLICATE."
- (f) if Treasury Department regulations require the submission of documentary evidence to support the redemption of the bond, as in the case of deceased owners, incompetents or minors under legal guardianship or the change of an owner's name as inscribed on a bond if for any reason other than marriage.
- (g) if the owner named on the bond and requesting payment is a minor who, in the opinion of the bank, is not of sufficient competency and understanding to execute the request for payment and comprehend the nature of such act. (Note the authority granted to banks to make payments of bonds to either parent on behalf of a minor child under the provisions of Sec. 321.8 (b).)
- (h) if it is known to the bank that the owner has been declared, in accordance with law, incompetent to manage his estate.
- (i) if partial redemption is requested.

Attention is directed to Sec. 321.17 hereof for handling bonds of the foregoing classes of cases which may not be paid by banks.

Subpart D—PAYMENT AND ACCOUNTING

Sec. 321.10. *Examination of bonds presented for payment.*—Before making payment of bonds presented hereunder the bank:

- (a) Shall determine that the person requesting payment as the "owner" (as defined in this circular) is known or his identity is established to the satisfaction of the bank.
- (b) Shall examine the bond and determine that it is a bond which the bank is authorized to pay under the provisions of this circular.

- (c) If the request for payment on the back of the bond is already executed, shall determine that the request is properly signed by the registered owner presenting the bond and that his home or business address is shown.
- (d) If the request for payment on the back of the bond has not been executed or has been improperly executed by the owner presenting the bond, shall require such owner to properly sign the request and show his home or business address.

Sec. 321.11. *Certification of requests for payment.*—In view of the provisions of this circular governing payment of bonds and the requirements as to the data to be endorsed on each bond, under Sec. 321.12, a bank will not be required in the case of any bond paid by it to complete the certification form at the end of the request for payment, nor determine the authenticity of any certification which may appear on the bond at the time it is presented for payment; *Provided, however,* that each bank submitting paid bonds shall be understood by such submission to have represented and certified that the identity of the owner requesting payment has been duly established to the satisfaction of the bank by one of its officers or by an employee duly authorized by the bank.

Sec. 321.12. *Determination of redemption values and payment of bonds.*—The redemption value of a bond is determined from the period of time (years and full half-year) that it has been outstanding, and the table of redemption values on each bond. The Federal Reserve Bank of the District will furnish each bank with a table of redemption values from which it will be possible, after determining the month and year of issue of any bond, to immediately establish its current value. After establishing such value, payment thereof to the owner requesting payment shall be made in cash. No objection will be made to an arrangement between the owner and the bank under which the owner accepts in lieu of cash, a credit to his checking or savings account with the bank, or a check or similar instrument payable to his order. Each bank shall place on the face of each bond paid by it the word "PAID", the amount and date of payment and the name, location and transit (or code) number of the bank. Other data pertinent to the payment procedure of a bank may be included if approved by the Federal Reserve Bank of the District. The Federal Reserve Bank will furnish rubber stamps for this purpose or, in lieu thereof, will approve suitable stamps prepared by a bank. The affixation of such data shall be construed by and between the bank and the Treasury Department to be a certification by the paying bank that the bond has been paid in accordance with the terms and requirements of this circular and that payment of the proceeds of the bond has been made to the owner.

Sec. 321.13. *Forwarding paid bonds to the Federal Reserve Bank.*—After payment, the bonds shall be forwarded to the Federal Reserve Bank of the District in accordance with instructions issued by such Federal Reserve Bank.

Sec. 321.14. *Redemption of paid bonds by Federal Reserve Banks.*—Upon receipt of the paid bonds the Federal Reserve Bank will make immediate settlement with the forwarding bank for the total amount of payments made on such bonds; *however,* such settlement shall be subject to adjustment if any discrepancies are discovered at a later date.

Sec. 321.15. *Losses resulting from payments.*—Section 22 of the Second Liberty Bond Act, as amended, provides:

- "(i) Any losses resulting from payments made in connection with the redemption of savings bonds shall be replaced out of the fund established by the Government Losses in Shipment Act, as amended, under such regulations as may be prescribed by the Secretary of the Treasury. The Treasurer of the United States, any Federal Reserve Bank, or any incorporated bank or trust company authorized or permitted to make payments in connection with the redemption of such bonds, shall be relieved from liability to the United States for such losses, upon a determination by the Secretary of the Treasury that such losses resulted from no fault or negligence on the part of the Treasurer, the Federal Reserve Bank, or the incorporated bank or trust company * * *. The provisions of Section 3 of the Government Losses in Shipment Act, as amended, with respect to the finality of decisions by the Secretary of the Treasury shall apply to the determinations made pursuant to this subsection. * * *"

(n) *Consideration of facts concerning loss.*—In any case in which a loss occurs, the paying bank shall be afforded ample opportunity to present all of the facts pertaining to the circumstances of the payment for consideration by the Secretary.

¹ Regulations governing settlement of losses resulting from payments made in connection with the redemption of United States savings bonds are set forth in Treasury Department Circular No. 75.

² The provision of Section 3 of the Government Losses in Shipment Act, as amended, with respect to the finality of decisions by the Secretary of the Treasury are: "Notwithstanding any provision of law to the contrary, the decisions of the Secretary of the Treasury with respect to loss, destruction, or damage are final and shall not be subject to review by any other officer of the United States."

Sec. 321.16. *Preservation of rights.*—Nothing contained in these regulations shall be construed to limit or restrict any existing rights which holders of savings bonds may have acquired under the circulars offering such bonds for sale and the regulations prescribed thereunder.

Sec. 321.17. *Redemption of bonds not payable by banks.*—Any bonds which a bank is not authorized to pay pursuant to the provisions of this circular should be forwarded by the owner, or his agent, after certification of the requests for payment, to the Federal Reserve Bank or Branch of the District for redemption. If a bank should undertake to forward such unpaid bonds at the request and in behalf of the person entitled to payment, such bonds must be sent separate and apart from bonds which the bank has paid. Any documentary evidence required to support the redemption should accompany the bond or bonds when forwarded to the Federal Reserve Bank.

Sec. 321.18. *Functions of Federal Reserve Banks.*—The Federal Reserve Banks, as fiscal agents of the United States, are authorized to perform such duties, and prepare and issue such forms and instructions, as may be necessary to the fulfillment of the purpose and requirements of this circular. The Federal Reserve Banks, in their discretion, may utilize any or all of their Branches in the performance of those duties.

Sec. 321.19. *Supplements, Amendments, etc.*—The Secretary of the Treasury may at any time or from time to time supplement, amend, or withdraw, in whole or in part, the provisions of this circular, or of any amendments or supplements thereto, information as to which will be furnished promptly to the Federal Reserve Banks and to the banks qualified hereunder.

HENRY MORGENTHAU, Jr.,
Secretary of the Treasury.

(Filed with the Division of the Federal Register, Sept. 4, 1944)

EXHIBIT "A"

Form PD 1812
TREASURY DEPARTMENT
Fiscal Service
Bureau of the Public Debt

APPLICATION—AGREEMENT

Payments by Incorporated Banks and Trust Companies in connection with the redemption of
United States Savings Bonds

Dated _____, 194__

TO THE FEDERAL RESERVE BANK OF _____
As Fiscal Agent of the United States:

The undersigned, eligible under the provisions of Sec. 321.1 of United States Treasury Department Circular No. 750, hereby applies for qualification to make payments in connection with the redemption of United States Savings Bonds, as provided in the said Circular No. 750, and, upon being so qualified, hereby agrees:

1. To be bound by and to comply with the provisions of Treasury Department Circular No. 750, including all supplements and amendments thereof and instructions as may be issued thereunder.
2. That the Secretary of the Treasury, or the Federal Reserve Bank of _____, by written notice, may, at any time, and without previous demand or notice, terminate the qualification of the undersigned, if such authority is granted pursuant to this application; and that in the event of such termination the undersigned, after receipt of such notice or after the date of termination specified therein, will not thereafter pay any United States Savings Bonds.

It is understood that the undersigned may withdraw from this Agreement at any time upon written notice of such intention to the Federal Reserve Bank of _____.

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be executed under seal by the officer below named, thereunto duly authorized by a resolution of its governing board or committee adopted on the _____ day of _____, 194__.

(Name)

(Address)

(Signature of officer)

(Title of officer)

ACKNOWLEDGMENT

State of _____ }
County of _____ } ss:

On this _____ day of _____, 194__, before me appeared _____
to me personally known, who, being by me duly sworn, did say that he is
the _____ of the _____ and
(Title of officer) (Name of institution)

that the seal affixed to the above instrument is the corporate seal of said institution, and that the above instrument was signed and sealed in behalf of said institution by authority of its governing board or committee, and said officer acknowledged said instrument to be the free act and deed of said institution.

Notary Public.

EXHIBIT "B"

Form PD 1812
TREASURY DEPARTMENT
Fiscal Service
Bureau of the Public Debt

NOTICE OF QUALIFICATION OF AN INCORPORATED BANK OR TRUST COMPANY TO
MAKE PAYMENTS IN CONNECTION WITH THE REDEMPTION OF UNITED STATES
SAVINGS BONDS

_____, 194__

To _____

Your Application-Agreement Form PD 1958, dated _____, has been approved as of this date. You are hereby notified that you are qualified to make payments in connection with the redemption of United States Savings Bonds pursuant to the provisions of Treasury Department Circular No. 750, and any supplements or amendments thereof and instructions issued pursuant thereto.

FEDERAL RESERVE BANK OF _____
Fiscal Agent of the United States.

By _____

OFFICIAL U. S. GOVERNMENT PRINTING OFFICE

REGULATIONS GOVERNING REPLACEMENT OUT OF THE FUND ESTABLISHED BY THE GOVERNMENT LOSSES IN SHIPMENT ACT, AS AMENDED, OF ANY LOSSES RESULTING FROM PAYMENTS MADE IN CONNECTION WITH THE REDEMPTION OF UNITED STATES SAVINGS BONDS

1944
Department Circular No. 731
Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, September 5, 1944.

I. REGULATIONS PRESCRIBED

1. Pursuant to the authority of the Second Liberty Bond Act, as amended, the following regulations are hereby prescribed for the replacement out of the fund established by the Government Losses in Shipment Act, as amended, of any losses to the United States resulting from payments made in connection with the redemption of United States Savings Bonds, and shall apply to losses resulting from payments made (1) by the Treasurer of the United States, (2) by the Federal Reserve Banks and Branches, as fiscal agents of the United States, and (3) by incorporated banks and trust companies qualified pursuant to Treasury Department Circular No. 750, to pay savings bonds.

II. REPORTS OF LOSSES

1. A loss to the United States may result from an erroneous (or unauthorized) payment in connection with the redemption of savings bonds.

2. If an incorporated bank or trust company, qualified to pay savings bonds, after returns have been made to the Federal Reserve Bank finds an erroneous payment to have been made, immediate report should be made to the Federal Reserve Bank. Any such erroneous payments so reported, and any other erroneous payments found by a Federal Reserve Bank in returns from an incorporated bank or trust company shall, so far as possible, be adjusted between the Federal Reserve Bank and the incorporated bank or trust company concerned.

3. Any such erroneous payments which are not adjusted and any other erroneous payments otherwise found after the account of the Treasurer of the United States has been charged shall immediately be reported to the Treasury Department, Division of Loans and Currency, Merchandise Mart, Chicago 54, Illinois.

III. FINAL DETERMINATION OF LOSSES

1. Following receipt of the report of an erroneous payment the Treasury Department will appropriately advise the paying agent concerned, unless such action is unnecessary. The Department shall determine whether or not appropriate adjustment may be effected with the persons concerned in the erroneous payment and in this connection will expect the cooperation of the paying agent, if necessary.

(a) If it is determined that no loss to the United States will occur the paying agent will be so advised.

(b) If it is determined that a final loss to the United States has occurred, the paying agent will be given every opportunity to present the full facts relating to the payment for consideration of the Secretary of the Treasury. If the Secretary shall determine that the final loss resulted from no fault or negligence on the part of the paying agent, the paying agent shall be relieved from liability to the United States. If, however, the Secretary of the Treasury finds fault or negligence on the part of the paying agent, notice to that effect will be given such paying agent who will make prompt restitution.

2. In no case will the Treasurer of the United States, a Federal Reserve Bank or Branch, or the banking institution which made the erroneous payment be called upon to make restitution unless and until it is determined that a final loss has been incurred as a result of an erroneous payment due to the fault or negligence of such paying agent.

IV. REPLACEMENT OF LOSSES OUT OF THE FUND

1. When it is established to the satisfaction of the Secretary of the Treasury that a loss has resulted from a payment made in connection with the redemption of a United States Savings Bond, the loss shall be subject to immediate replacement out of the fund established by the Government Losses in Shipment Act, as amended. Any recovery or repayment on account of any such loss as to which replacement shall have been made out of the fund, shall be credited to the fund.

V. INVESTIGATION OF LOSSES

1. The Treasury Department, and, in appropriate cases, Federal Reserve Banks, as fiscal agents of the United States, may request the Secret Service to investigate losses and assist in the recovery of improper payments. The Treasurer of the United States, the Federal Reserve Banks, and qualified banking institutions should cooperate with the Secret Service to the fullest extent in facilitating investigations and making recoveries.

VI. SUPPLEMENTS, AMENDMENTS, ETC.

1. The Secretary of the Treasury may at any time or from time to time supplement, amend, or withdraw, in whole or in part, the provisions of this circular, or of any amendments or supplements thereto, information as to which will be furnished promptly to the Federal Reserve Banks and to banking institutions qualified to make payments of savings bonds under the provisions of Treasury Department Circular No. 750.

HENRY MORGENTHAU, Jr.,
Secretary of the Treasury.

(Filed with the Division of the Federal Register, Sept. 4, 1944)

STRICTLY CONFIDENTIAL

September 5, 1944

MEMORANDUM FOR THE PRESIDENT

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

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

In view of the present situation in Italy I suggest that Italy should now be accorded arrangements similar to those in effect with the Western European countries except that we reserve all rights in the final settlement of accounts with Italy.

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

This step is particularly significant at this time because of the need of Italy for foreign exchange with which to pay for the necessary civilian supplies

STRICTLY CONFIDENTIAL

- 2 -

for its people which have heretofore been paid for out of Army appropriations.

The British are entirely agreeable to this method of financing U. S. supplies, and will continue to provide their part of the supplies for Italy under their own financial arrangements but will not use troop pay. Changes in the present scope of the supply program will be the subject of further agreement.

The attached press release should not be issued until the Italian Government is informed, which will be done as soon as you approve the arrangement.

The Secretary of State and the Foreign Economic Administrator are in agreement with this proposal. The Secretary of War indicates that the matter is not one of concern to the War Department and he has no objection to the proposed action.

(Signed) H. Morgenthau, Jr.

9/5/44

STRICTLY CONFIDENTIAL**WHITE HOUSE****Press Release.****Not to be released until
advised by State Department
that Italian Government
has been informed.**

I have today approved the recommendation of the Secretaries of State and Treasury, and of the Foreign Economic Administrator, that the United States Government currently make available to the Italian Government the dollars equivalent to the Italian lire issued up to now and hereafter as pay to United States troops in Italy.

The dollar proceeds of remittances made by individuals in this country to friends and relatives in Italy are also being made available to the Italian Government as are the dollar proceeds of any products exported by Italy to this country.

It has been our intention to make available to the friendly Western European countries dollars equivalent to the local currency issued as pay to American troops in their territory. The policy to be applied in the case of Italy differs to the extent that in the case of the latter the arrangement is without prejudice to the rights reserved to the United States in connection with the final peace settlement.

The dollars made available to Italy will be used by the Italian Government to pay for essential civilian supplies purchased in this country for use in liberated Italy. The United States Army has supplied and is at present continuing to supply substantial amounts of certain essential civilian goods such as food, clothing, and medical supplies as a necessary part of military operations in Italy. The funds which I am now making available will enable the Italian Government under control of appropriate Allied authorities to obtain in this country other essential civilian supplies and to continue to obtain essential supplies after the United States Army program ceases.

STRICTLY CONFIDENTIAL

- 2 -

This step has been taken after consultation with the British Government which has also been providing essential civilian supplies to the Italians and will continue to provide its share of an agreed program of such supplies but under different financial arrangements.

The Fascist dictatorship which led Italy into war against the United States and the other United Nations has been overthrown. Today, the Italian people are cooperating with the United Nations forces in driving the Germans from Italy. Our soldiers, sailors and airmen are welcomed and assisted by the civilian population in Italy wherever they go. Italian troops are joined with our forces at the front. Behind the German lines Italian partisans are heroically giving their lives in the struggle.

It is to our interests that Italy be able to contribute as fully as possible to the winning of final victory. While the re-establishment of Italy as a free, independent and self-supporting nation must be primarily the responsibility of the Italian people themselves, it is also to our interests that the Italian people be given the opportunity to obtain and pay for the necessities they need from us if they are to be able to help themselves.

9/5/44

Treasury Department
Division of Monetary Research

54

Date.....19

To:

From:

MEMORANDUM

The State Department requested changes in the last 3 paragraphs of the memorandum which are procedural changes and not matters of substance.

The State Department also changed its mind about wanting the Secretary of State to sign the document. The written approval of the Secretary of State is attached.



DEPARTMENT OF STATE
WASHINGTON

In reply refer to
LA

My dear Mr. Secretary:

I am in agreement with the statements in the attached Memorandum for the President which I understand you desire to send to him.

It is requested that the Department be advised upon approval by the President so that we can arrange to have the Italian Government informed prior to issuance of the press release.

Sincerely yours,

A handwritten signature in cursive script, reading "Cordell Hull".

Enclosures: Memorandum for the President
Press Release

The Honorable

Henry Morgenthau, Jr.

Secretary of Treasury.



STRICTLY CONFIDENTIAL

October 6, 1944

Dear Herbert:

For your own very personal and confidential information, I am sending you enclosed herewith a copy of a memorandum I sent the President on September 5, plus a suggested press release. I am also sending you a copy of Cordell Hull's letter approving the Treasury's suggestion.

Sincerely yours,

(Signed) Henry.

The Honorable Herbert H. Lehman,
United Nations Relief and Rehabilitation
Administration,
Dupont Circle Apts.,
1344 Connecticut Avenue, N. W.,
Washington, D.C.



TREASURY DEPARTMENT

WASHINGTON 25

57



September 5, 1944

MEMORANDUM TO THE SECRETARY

We have heard some rumors regarding criticism of Treasury's inability to fulfil the Army Liberated Area Civilian Clothing Program requirements by October 15, 1944.

Thinking the Treasury, Procurement Division, has done an excellent job, I attach a full report on the status of the situation which was prepared by Mr. A. J. Walsh at my request.

Ernest L. Olrick

E. L. Olrick
Assistant to the Secretary

Enclosure



OFFICE OF THE DIRECTOR

TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON 25

August 31, 1944



MEMORANDUM TO: Mr. E. L. Olrich

FROM: Mr. A. J. Walsh

The Army Liberated Area Civilian Clothing Program was made known to Treasury Procurement by the Foreign Economic Administration on July 21, 1944.

At the time this Program came into being no dead line was established; however, recently there has been established by the Army a dead line of October 15, 1944. This means that all the clothing must be in the Army's possession in this country by that date. To meet this Program, the Foreign Economic Administration agreed to transfer to Army all stocks up to the requirement that were held by them; also, all production resulting from Treasury contracts up to and including October 1, 1944, or beyond that date if this production could be placed in the Army hands prior to October 15, 1944.

The Army is selecting from their own stocks all items which will meet this Civilian Program. By the early part of next week the Army will be able to furnish information as to what they are able to supply which will be pooled with that of Treasury Procurement to determine what deficiency exists. On those items which are deficient, substitutions will be made where material is available; likewise, it has been agreed that piece goods may be substituted for garments and it is felt that considerable quantities will be forthcoming from the Army. Should there be any deficiencies after this has been done, the Army will attempt to meet those deficiencies from their own stocks and if this does not meet the requirement, it will then be necessary to purchase additional materials. Some of the items required for this Program have not yet been requisitioned and at this late date it would be practically impossible to secure delivery of materials by procurement through either Treasury or Army to meet the October 15th dead line.

Mr. E.L. Olrich

- 2 -

Aug. 31, 1944

Working with us in the Army on the overall Program are: - Generals Corbin, Feldman, Owens; Colonels Stephens, Garrett, Evans; and Majors Winterbottom and Fogerty, the latter being located at the Jersey City Quartermaster Depot. In addition, the Army has sent four persons to this office to assist in pulling this information together and, likewise, has Colonel Fogerty of the Jersey City Quartermaster Depot working in our New York Office.

(COPY)



OFFICE OF THE DIRECTOR

TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON 25

**SECRET**

September 5, 1944

MEMORANDUM TO THE SECRETARY:

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

A requisition has been received for 300,000 sets of tires and tubes for Army use in U.S.S.R., amounting to approximately \$7,505,000.00.

Clifton E. Mack
Clifton E. Mack
Director of Procurement

Attachment

SECRET

LEND-LEASE
 TREASURY DEPARTMENT, PROCUREMENT DIVISION
 STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
 DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS
 AS OF AUGUST 30, 1944
 (In Millions of Dollars)

SECRET

	<u>Total</u>	<u>U. K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Miscellaneous & Undistributed</u>
Allocations	\$5522.0 (5522.5)	\$2627.0 (2627.0)	\$2257.3 (2257.3)	\$133.9 (133.9)	\$15.9 (15.9)	\$487.9 (488.4)
Requisitions in Purchase	\$ 176.5 (149.9)	\$ 63.1 (30.9)	\$ 40.2 (45.4)	\$ 2.3 (2.1)	- -	\$ 70.9 (71.5)
Requisitions not Cleared by W. P. B.	\$ 109.7 (122.9)	\$ 26.8 (56.5)	\$ 73.2 (55.2)	\$.1 (.1)	- -	\$ 9.6 (11.1)
Obligations (Purchases)	\$3955.1 (3925.3)	\$1971.8 (1961.4)	\$1621.4 (1607.4)	\$ 62.5 (62.5)	\$13.4 (13.4)	\$286.0 (280.6)
Deliveries to Foreign Governments at U. S. Ports*	\$2327.7 (2305.7)	\$1429.4 (1419.4)	\$ 823.3 (812.5)	\$ 24.5 (24.4)	- -	\$ 50.5 (49.4)

*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 23, 1944.

SECRET

EXPLANATION OF DIFFERENCE

The decrease in Allocations for Miscellaneous Countries, and consequently in the total, is the result of the revocation of an allocation in the amount of \$500,000.00.

**BRITISH AIR COMMISSION**

1785 MASSACHUSETTS AVENUE
WASHINGTON, D. C.

TELEPHONE HOBART 9000

PLEASE QUOTE

REFERENCE NO.....

With the compliments of British Air Commission
who enclose Monthly Report No.12 covering
Aircraft Flight Delivery as at August 31, 1944.

The Honourable Henry Morgenthau, Jr.
Secretary of the Treasury
WASHINGTON, D.C.

September 5, 1944.

CONFIDENTIAL

REF. NO. D-55
MONTHLY REPORT NO. 12LOCATIONS OF OCEANIC FLIGHT DELIVERY AIRCRAFT
(COVERING MOVEMENTS THROUGH AUG. 31, 1944)

September 4, 1944

	(1) FORTRESS (BAG-L/L)	(2) LIB. (BAG)	(3) HUDSON (BAG-L/L)	(4) VENT. (BAG)	(5) F. BOAT (BAG-L/L)	(6) VENT. (L/L)	(7) POST. (L/L)	(8) BALT. (L/L)	(9) B24 (L/L)	(10) B25 (L/L)	(11) B26 (L/L)	(12) TRANSF. (L/L)	TOTAL
UNITED KINGDOM	(a)139	96	807	141	506	58	309	1	377	419	8	519	3380
MIDDLE EAST (a)		5	95			205	34	1113	196		399	213	2222
WEST AFRICA (a)									22			4	26
AUSTRALIA					27								27
SOUTH AFRICA (a)				135		107						43	285
SINGAPORE					9								9
INDIA (a)									317			234	551
AZORES	3												3
FREETOWN			91										91
OTU'S IN CANADA			210	68		64			48	41		29	460
BCAF					28	1	2		(e) 15				46
111 OTU									34	72			106
45 GROUP RAFTC		11	43	11	10				10				85
En route overseas								3	28	13	8	4	56
Gender, Coosa, etc.	2				3		2			2		6	15
Hawaii or Bermuda (en route)					7			1	1		13	17	39
Special duty in Canada			1	1									2
Montreal				3	2		1		30	19	1	24	80
CRASHED AFTER EXPORT			52	19	10	9	17	40	6	12	13	11	189
En route export									2	10	29	6	47
At Modification Center					20	1			76				97
En route Modification Center									3				3
Special duty in U.S.		2					1						3
CRASHED IN U.S.		1	28	5		1	3	15	5	2	10	1	71
DIVERTED TO U.S.		50	21	(b)281									352
TOTAL	(a)144	165	1348	664	(d)622	446	369	1173	1172	590	441	1111	8245

(a) Including deliveries to Rabat, Azores or Taheradi for these destinations.

(b) Including 15 returned under Req. BSC 41018 after use by U.S.A.A.F. for training, with 45 off DA-152 also under 41018 after A.A.F. training use. All 60 are included in Column 6.

(c) Later re-allocated to Canada by H.A.C. (AIR), under Req. GA-00076.

(d) Reduced by 21 F2H's, 35 F2H's, and 25 PR2Y-38's, returned to U.S. Navy.

(e) Reduced by 13 transferred to U.S.A.A.F. after delivery to U.K.

PLANNING AND AIRFRAME SUPPLY
BRITISH AIR COMMISSION
WASHINGTON, D.C.

September 5, 1944

Dear Arthur:

I was very glad to receive your letter of August 31st with the information contained therein. I have turned your letter and the report over to Mr. John Pehle, Executive Director of the War Refugee Board.

I think it would be useful if, at an early date, you would come to Washington to confer with me and with John Pehle.

Looking forward to seeing you and with best regards,

Sincerely yours,

(Signed) Henry

Professor Arthur Goodhart,
c/o Estate of Philip J. Goodhart,
654 Madison Avenue,
New York 21, New York.

Confidential

Estate of
PHILIP J. GOODHART
654 MADISON AVENUE
NEW YORK 21, N. Y.

August 31, 1944

Dear Henry:

I arrived at Baltimore last Sunday, August 27th; and I telephoned you in Washington the next day. They told me that you were away until after Labor Day. I am dividing my time between Stamford and New York. If at any time you want to get hold of me I think the best plan would be to send a message to the office at 654 Madison Avenue, telephone number is: Regent 4-5886.

On Monday, August 21, I attended a meeting at the Foreign Office to discuss the question of Hungarian Jewish Refugees. You will probably have received a full report of this by now. You may be interested in one or two comments. Those who were present were: Mr. Walker of the Foreign Office and Lady Cheatham of the Foreign Office, Sir Herbert Emerson and Dr. Malin of the Intergovernmental Committee, a representative of the Ministry of War Transport, a representative of the British Treasury, Mr. Sidney Brown of the American Embassy, and myself as observer. Sir Herbert Emerson presented the enclosed report which was accepted by the committee. My own impression of the meeting was that Emerson was a man of great ability who intended to get things done whenever possible. I think that it would be useful to work through him and the Inter-governmental Committee. I was much less impressed with Walker. I had lunch on Friday, August 25th, with Neville Butler (now Assistant Under-Secretary at the Foreign Office). I understood from him that they had granted leave of absence to Walker and that it was highly probable that someone else would be appointed to deal with these matters. The difficulty has been that the Foreign Office is exceedingly shorthanded and overworked but they realize how important it is to see that this matter is properly handled. As you realize the Foreign Office has to consider in all these matters the problem of Palestine so that the Colonial Office must always be consulted. Butler assured me that they were anxious to help not only in the matter of Hungarian Refugees but in all questions dealing with Post War Rehabilitation.

As you know the chief purpose of my visit here is to collect information for the British Company Law Revision Committee, of which I am a member. I shall be going to Philadelphia to see the Securities and Exchange Commission and I shall also be coming to Washington later. My tentative plans are to return to England about October 1st.

Cordially,

Arthur Goodhart

Hon. Henry Morgenthau, Jr.,
2434 Belmont Road, N. W.,
Washington, D. C.

love to Ellie. I hope the boys are well.

HUNGARY

1. The relevant part of the Draft Declaration of the American and British Governments is as follows:-

"The two Governments are informing the Government of Hungary through the International Red Cross, that despite the heavy difficulties and responsibilities involved, they have accepted the offer of the Hungarian Government for the release of Jews and will make arrangements for the care of such Jews leaving Hungary who reach neutral or United Nations territory, and also that they will find temporary havens of refuge where such people may live in safety. Notification of these insurances is being given to the Governments of neutral countries who are being requested to permit the entry of Jews who leave their frontiers from Hungary."

It is suggested that the following further arrangements will be necessary:-

To ask the International Red Cross,

- (a) to carry on what discussions are necessary with the Hungarian Government.
- (b) To use its influence to see that Jews in Hungary are well treated, and that, in particular, deportations cease.
- (c) To keep the American and British Governments and the Intergovernmental Committee fully informed of developments and, in particular, of any renewal of deportations.
- (d) To select persons to be included in the early contingents of Jews leaving Hungary.
- (e) To give relief inside Hungary.
- (f) To report as early as possible on the practical routes by which persons can be got out of Hungary.
- (g) To act in close co-operation with the special representatives of the Swedish Government in Hungary concerned with this matter.

2. As regards the persons who should be included in the early contingents, it is suggested that these should be,

(a) children and, (b) those for whom certificates for Palestine are available. It is understood that the United States of America Government is willing to make 2,000 visas, formerly available for children in France, available for children in Hungary. Canada should be approached to do similarly in regard to a thousand visas. Portugal would probably give temporary refuge to 2,000 children, but the difficulty would be to get them there.

3. The following seem the possible routes:-

(a) to Switzerland, (b) to Roumania and thence by sea from Constantza to Palestine, (c) overland through Bulgaria and thence to Palestine, (d) overland to Syria. Of these (a) and (c) seem the most feasible, unless a safe conduct can be obtained for the sea voyage for (b) from the German Authorities. The International Red Cross should be asked to report.

4. As regards maintenance in Hungary, the International Red Cross should be encouraged to press the Hungarian Government to allow the Jews to use their own resources and otherwise to become self-supporting. Where maintenance inside Hungary is necessary, this can be given through the International Red Cross, (a) from private funds made available to it, and (b) if necessary, from funds made available by the Intergovernmental Committee. It is understood that private funds are at present available through licences issued by the United States Treasury to the Joint Distribution Committee. These enable Hungarian currency to be bought in Switzerland and do not, for the moment, involve either dollars or Swiss francs going into Hungary. This position may, however, change. If currency cannot be bought in Switzerland, then it may be necessary to send American or Swiss currency into Hungary, if so, this should be done.

It is suggested that so long as private funds are

- 3 -

one available for inside relief, these should be used, but if they do not suffice, then the Intergovernmental Committee should make the necessary approach to the American and British Governments in the first place under the arrangements relating to Operational Expenditure.

5. As regards approaches to neutral Governments, the two principally concerned are Switzerland and Sweden. It is not known how far approaches have already been made. If the Intergovernmental Committee is to be responsible for maintenance inside those countries, then it should certainly be associated with the approaches, even if it is not responsible for making them.

If maintenance has to be found for refugees inside neutral countries, then it is suggested that it should be done through the Intergovernmental Committee, which would make the necessary proposals to the American and British Governments in the first place. Both Switzerland and Sweden may, however, refuse to accept maintenance, but in any case, they will want guarantees regarding additional supplies. This would seem merely to involve the confirmation of guarantees already given by the two Governments.

6. The arrangements for exit through the Balkans can probably best be carried out by the International Red Cross in co-operation with the American and British Ambassadors at Ankara, acting closely with the Refugee Board and in consultation with the Jewish Agency for Palestine when the destination is Palestine.

7. The above proposals would provide for the first stages of the movement. It is essential to get these started as soon as possible. It is also desirable to look ahead. Apart from Sweden, Switzerland, Palestine and possibly Portugal, temporary refuge could be given in Tripoli. The camp at Fedala ^{might} ~~could~~ also

- 4 -

accommodate a thousand if the French authorities agree. Looking beyond this, other countries could be approached, e.g., Brazil and Mexico, but there is unlikely to be a response of much value unless the American and British Governments are themselves prepared to take considerable numbers into their own territories. In fact, since the neutral countries of Europe have made their contribution and Mediterranean resources have been exhausted, practical measures in the way of giving asylum will be required from the American and British Governments.

*Country*EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD

INTER-OFFICE COMMUNICATION

DATE SEP 5 1944

TO Secretary Morgenthau
FROM J. W. Pehle

I am sure you will be interested in the attached copies of our exchange of correspondence with the Department of State concerning Bergson's Hebrew Committee of National Liberation.



COPYDEPARTMENT OF STATE
WASHINGTON

September 2, 1944

In reply refer to
840.48 Refugees/8-2244

My dear Mr. Pehle:

I refer to your letter of August 22, 1944 enclosing copies of correspondence received from Peter H. Bergson of the Hebrew Committee of National Liberation relative to the rescue of Jews from Hungary. In reply to your inquiry with regard to the attitude of the Department of State toward this organization, I may say that the Department does not recognize the Hebrew Committee of National Liberation as having any representative status.

While the matters which Mr. Bergson discusses in the correspondence transmitted with your letter fall within the competence of the War Refugee Board, I suggest that in considering his proposals you be guided by the foregoing statement of the Department's position toward his organization. In other words, his proposals should receive the same consideration as those presented by any other interested private organization or individual.

Sincerely yours,

/s/ Cordell Hull

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

COPY

August 22, 1944

My dear Mr. Secretary:

Reference is made to the enclosed copy of a letter dated August 14, 1944, which the Board has received from the Hebrew Committee of National Liberation.

Before replying to this letter I would appreciate being advised as to the attitude of the Department of State toward the Hebrew Committee of National Liberation, and any guidance which your Department is in a position to give in connection with the Board's dealings with the Committee.

Very truly yours,

/s/ J. W. Pehle

Executive Director

The Honorable,
The Secretary of State,
Washington, D. C.

COPY

74

2315 Massachusetts Ave. N.W.
Washington 8, D. C.
Adams 8800

HEBREW COMMITTEE OF NATIONAL LIBERATION

August 14, 1944.

The Honorable John W. Pehle
Executive Director
War Refugee Board
Washington, D. C.

My dear Mr. Pehle:

We have been advised by the Department of State to address to you our proposals, directed to the Government of the United States, regarding rescue efforts of the Hebrew people of Europe, more particularly the Hebrew people of Hungary. We therefore beg to submit to you the following proposals:

1. That, in view of the offer made by the Hungarian Government to release all Hebrew children under a given age in possession of visas to other countries, the United States Government take the initiative to secure the consent of various other United Nations Governments so that Hungary can be informed that these countries jointly will accommodate all Hebrew people that Hungary will let out.

2. That, in view of the specific statement made by the Hungarian Government that it will release Hebrews to go to Palestine, the government of the United States use its good offices to obtain from the government of the United Kingdom acceptance of this offer. Indeed, we believe it is the duty of the Government of the United Kingdom, as Mandatory for Palestine, to inform the Hungarian Government and to make it generally known that all Hebrews fleeing from Hungary and other areas where they are exposed to enemy persecution will be admitted to Palestine.

In view of the present policy of the Mandatory Power which prohibits the further immigration and settlement there of Hebrew people, we propose that emergency rescue shelters - free ports - be established in Palestine into which all Hebrews be admitted on a temporary rescue basis, without prejudice to their future status.

- 2 -

The Honorable John W. Pehle
Washington, D. C.

August 14, 1944.

In this connection, copy of a letter sent by the Hebrew Committee of National Liberation to the British Ambassador on July 25 is enclosed for your information.

3. That energetic measures be taken by the government of the United States with a view to stopping the extermination of Hebrews in Europe by the use of poison gases. Indeed, on various occasions the Government of the United States, through Presidential statements, has warned Germany to refrain from the use of poison gas against either civilian or military populations, and has declared that if poison gas should be used against the inhabitants of any one of the United Nations, the United States would retaliate in kind against Germany.

It has been repeatedly established that many thousands of Hebrew people in Europe were asphyxiated through the use of poisonous gases. We therefore request that a specific warning be issued stating that unless the practice of using poison gas against the Hebrew people ceases forthwith, retaliation in kind will be immediately ordered against Germany.

We beg to stress the importance of this not solely because it might induce Nazi Germany to stop the use of poison gas; such a warning is important because of the constant need to impress upon Germany the fact that the governments of the United Nations consider and treat the Hebrew people of Europe as human beings deserving full equality and consideration with other members of the United Nations.

I trust that the War Refugee Board will give the above proposals favorable and early consideration and will recommend their acceptance by the other appropriate agencies of the United States Government.

I shall be grateful if you will be good enough to keep us advised of the decisions taken in respect of our proposals.

I beg to remain, my dear Mr. Pehle

Yours faithfully,

/s/ Peter H. Bergson
Chairman

HEBREW COMMITTEE OF NATIONAL LIBERATION

July 25, 1944

Excellency:

On June 10 I had the privilege of addressing to you a communication on behalf of the Hebrew Committee of National Liberation, to be conveyed to the Government of the United Kingdom, regarding the establishment of emergency refugee shelters in Palestine, to be open to all Hebrews escaping from enemy persecution.

In our appeal we suggested that "the establishment of these shelters should be publicly proclaimed and broadcast to the people of occupied Europe so that Hebrews, with the aid of their neighbors, will be able to escape. Countless thousands of Hebrews could thus be saved from a horrible and useless death."

And now it is with great relief that we have received the official communication of the International Red Cross to the effect that "following on the steps taken in Budapest by the ICRC in Geneva Hungarian authorities have given the Committee official assurances that transportation of Jews beyond Hungarian frontiers has ceased. The Committee are empowered to cooperate in the evacuation of all Hebrew children under ten years of age who are in possession of visas to reception countries, and all Jews in Hungary holding entrance visas to Palestine will receive permission from the authorities to leave for that country."

In view of the repeated threat of German leaders to exterminate all of the Hebrew people of Europe before the end of hostilities, the task of evacuating as many of them as possible from Hungary and other Balkan countries is of extreme urgency. The opportunity to save the Hebrews of Hungary is at hand - an opportunity which may be denied tomorrow.

The Right Honorable the Earl of Halifax, K. D.,
H. B. M. Ambassador,
Washington, D. C.

- 2 -

The Hebrews are permitted to leave and multitudes of men, women and children can be saved if only they will be permitted to enter Palestine.

We therefore reiterate our suggestion that the Government of the United Kingdom start without delay the establishment of emergency refugee shelters in Palestine. We suggest also that the Hungarian Government and people be informed of this by radio, through the Red Cross and other neutral channels so that the process of evacuation may start immediately.

It is not suggested that the financial burden of this program fall upon the British people. Undoubtedly existing international agencies would be willing to share these expenses and we would the Hebrew people of Palestine who are clamoring for a chance to be of aid.

Though Palestine is not a British colony but a mandated land, entrusted to His Majesty's Government by the League of Nations - a land in which Hebrew immigration and settlement was officially granted to the Hebrew people as a right and not through tolerance - we offer the compromise of emergency shelters so that the task of saving lives be not affected by political or boundary controversies, the settlement of which we are ready to postpone until the day of victory.

In view of the extreme urgency of the situation, we wish to express our hope of immediate consideration of and action upon our proposal.

I beg to remain, Excellency,

Yours faithfully,

Peter H. Bergson
Chairman

GEK-179

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

Habana

Dated September 5, 1944

Rec'd 8:30 p.m.

Secretary of State,

Washington.

US URGENT

798, September 5, 7 p.m.

Note which has been received from Ministry of State (reference Department's A-1412, August 14) says that the Cuban Government agrees to offer lodging in Cuba to 1,000 refugee children now in France and Hungary and that it is disposed to offer all facilities in order to carry out this humanitarian proposal.

NUFER

DU

.....

EMBASSY OF THE
UNITED STATES OF AMERICA
Ciudad Trujillo, D. R., September 5, 1944

CONFIDENTIAL
No. 294

Subject: Reply of Dominican Government to
Proposal to Accept Refugee Children

The Honorable
The Secretary of State
Washington, D. C.

Sir:

I have the honor to refer to the Department's circular telegram of August 12, 1944, 8 p.m. and to previous correspondence regarding orphaned or abandoned children and to my airgram no. A-401 of August 21, 1944, 10:30 a.m. stating that the Dominican Foreign Minister had informed the Embassy that the Dominican Government had no objection in principle to including refugee children from Hungary as well as from France. I am enclosing a translation of a note of August 31, 1944 from the Foreign Minister, Lic. M. A. Pena Batlle confirming his oral communication of August 18, 1944 stating that the Dominican Government would also accept children from Hungary.

Respectfully yours,
For the Ambassador

Andrew E. Donovan, II
Second Secretary of Embassy

Enclosure:
Note of August 31, 1944
File no. 848
AED:smh
Valid to Department

Enclosure no. 1 to accompany despatch no. 294 of September 5, 1944
from the American Embassy, Ciudad Trujillo, D. R.

Mr. Ambassador:

I have the honor to acknowledge receipt of your attentive note no. 89 dated August 14 of the present year regarding the efforts to care for orphan children abandoned in Europe by which Your Excellency informed my chancellery that the Department of State had informed you that in view of the situation in Hungary and the recent declaration of Admiral Horthy that his government would suspend the deportation of and grant exit permits to all Jewish children offered asylum outside Hungary and would appreciate it if you could be advised if the Dominican Government would desire to extend its offer in principle to children from Hungary as well as to the children from France.

Your Excellency adds in the note referred to that detailed plans on the immigration of refugee children to the Dominican Republic have not yet been developed and that in the event it should later be necessary to develop such plans it would not be done without previously consulting my government.

I am honored to inform Your Excellency that as the Dominican Government did not make a distinction in the nationality of the children which it would receive there is not inconvenient that they should also proceed from Hungary.

I take this opportunity to reiterate to Your Excellency assurance of my highest and most distinguished consideration.

(signed)

M. Pena Batlle

(translation: AED)

CABLE TO WINANT, LONDON, FOR MANN FROM WAR REFUGEE BOARD.

If you perceive no objection, please transmit the following message to General Velebit, representative of the Yugoslav Army of National Liberation, London, from Bojanic and Cukovac, which we received from our representative in Bern:

QUOTE Two emissaries representing the Committee of National Liberation in Switzerland are departing for France to organize return of civilian and military Yugoslav refugees who wish to fight against the enemy. Emissary Latinovic, accompanied by an officer, is charged with arranging transit of 1500 men from France. Latinovic and companion will have to go on as far as Bari. Kindly support their action and advise Subasic asking for his personal aid
UNQUOTE

10:50 a.m.
September 5, 1944

FH:lab 9/4/44

RESTRICTEDAsuncion, Paraguay
September 5, 1944

No. 3

Subject: Paraguayan Government is willing under certain conditions to receive refugee children from Hungary

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to the Department's telegraphic circular instruction August 12, 8 p.m., regarding the situation in Hungary and the possibility of obtaining havens for Jewish children from that country, and directing this Embassy to ascertain whether the Paraguayan Government would extend its acceptance in principle to children from Hungary as well as from France.

The matter was taken up with the Ministry of Foreign Relations which referred it for final decision to the Ministry of Education. A communication has now been received from the Foreign Office quoting a note from the Minister of Education, of which a copy and translation are transmitted herewith, declaring its willingness in principle to extend to children from Hungary the consent already given, with certain conditions, to receiving children from France. The Department was previously informed of this decision by my telegram No. 503, September 5, 3 p.m.

Respectfully yours,

Willard L. Beaulac

Enclosures:

1. Copy of Note 768 from Ministry of Foreign Relations, September 1, 1944
2. Translation of Note 768

S48
LHR:pe

Enclosure No. 2 to Despatch No. 3 from Asuncion, Paraguay
September 5, 1944

83

No. 768

TRANSLATION

Mr. Charge d'Affaires a.i.

With reference to Note D. No. 762 of August 29 last, I have pleasure in quoting the following communication received from the Ministry of Education, which states: "No. 1218, Asuncion, August 30, 1944, Mr. Minister: I have pleasure in acknowledging receipt of communication No. 733 of August 21 from Your Excellency, as well as of the copy of Note No. 329 from the American Embassy accredited near our Government, referring to the request for asylum in Paraguay for European children. With respect to this essentially humanitarian work, this Ministry has already had an opportunity to declare its conformity to Your Excellency, and has gone on to fix certain indis-

pensable economic conditions for making possible, on the part of this Ministry, the work of furnishing asylum and education for refugee children from France. With reference to children from Hungary, this Ministry is of the opinion that in principle, the same plan previously set forth can be applied, but it would be very convenient to have an interval elapse between the first groups which may be sent--French children--and those coming from Hungary, sufficient to obtain certain experience, which would permit the formation of an accurate opinion regarding the maximum number of orphan children who might usefully be given asylum. I request Your Excellency to transmit these considerations to the American Embassy for appropriate action. Receive, Your Excellency, the expressions of my highest consideration. Signed: Juan Darie Quiroz, Minister."

I take this opportunity to salute you with my most distinguished consideration.

Signed Mario Ferrario
Under Secretary of Foreign Relations

The Charge d'Affaires of the United States of America
Mr. Leslie Reed

GEX-171

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

Asuncion

Dated September 5, 1944

Rec'd 7:35 p.m.

Secretary of State,

Washington.

503, September 5, 3 p.m.

Paraguayan Government is willing to extend its acceptance in principle and with the same conditions to children from Hungary (Reference Department's circular telegram August 12, 2 p.m.) but suggests the convenience of leaving an interval after the shipment of French children in order to ascertain what additional number can usefully be accepted.

BEAULAC

WSB

AIRGRAM

FROM

LISBON

Date: September 5, 11:10 a.m., 1945

Rec'd: September 14 5 p.m.

RESTRICTED

SECRETARY OF STATE

WASHINGTON

A-753, September 5, 11:10 a.m.

For Raymond Bragg Boston from Elisabeth Dexter.

Substance telegram September 1 from Field as follows:

Hope for conference with you soon as Geneva uninformed many factors. Can you answer following questions now?

(a) Is it intended maintain Swiss office after end of war?

(b) If so, will it be responsible only for work here or also for surrounding territories? (c) Which countries does USG intend to work in? (d) Is work in Germany envisaged? This would particularly interest us. (e) Are particular types of aid planned for? Present staff generally adequate for needs Switzerland now but some will leave later. Would appreciate suggest American addition capable making appraisal of work here for us too busy to undertake this. If either of us transferred elsewhere we should be appropriately replaced. I convinced that executive and supervisory positions should generally be filled by Americans but other positions mainly by Europeans, especially nationals. Does Committee agree?

Boston cables urging caution in commitments for new plans. Urge Committee send details soon as possible since we greatly handicapped by ignorance their postwar plans.

End of telegram.

Section II/

- 2 -

Lisbon
A-758

Section II As replying have referred questions
Boston but think your plans still unclear due changing
situation.

Gave personal interpretation as follows: Swiss
office to be maintained for some time and I personally
recommending its use as European headquarters soon.
Committee eager work anywhere has special ties Czecho-
slovakia and France. Don't know about Germany. No
discrimination between refugees and local populations.
Relationship official agencies still unclear. Fields
policy on nationality workers agrees Lisbon practice
believe Committee approved. End of reply.

Made clear preceding my opinion only.

HORNBY

GEK-11
This telegram must be
paraphrased before being
communicated to anyone
other than a Government
Agency. (RESTRICTED)

Lisbon
Dated September 5, 1944
Rec'd 1:05 p.m.

Secretary of State,
Washington.

2739, September 5, noon

WRB 178 JDC 64. FOR LEAVITT FROM PILPEL.

Following telegram received from Resnik:

(?) For Joseph Schwartz joint fund Lisbon from Resnik.
147 following are best figures now available: the
MEFKURE carried 320 persons only 5 of whom survived.
The BULBUL carried 400 persons; the MORINA 308 persons
or a total of 1028 persons.

The associates intend to pay the full and regular
fee for all passengers who left on MEFKURE on the
basis that they do not wish to raise an issue which
may antagonize operating company.

I have discussed the matter fully with several
persons including Irving Sherman. Some doubt is
expressed as to whether full payment should be made for
persons who disembarked but did not ultimately arrive.
As yet I have reached no conclusion on the matter and
am submitting detailed report for your consideration.

Another problem in connection with MEFKURE is a
request from the owners for an additional sum of 15,000
Turkish pounds from the associates. The boat was
insured for 25,000 and there is a decided willingness
on the part of the associates to make a favorable
settlement in order not to impair future relationship
with the shipowners.

We are being requested for a full payment of 1028
passengers on which there has been an advance of Swiss
francs 400,000. As yet there has been no request made
of us for the shipowners claims.

Reports indicate

-2- #2739, September 5, noon, from Lisbon

Reports indicate that arrangements are being made to have the remaining Turkish boat in Constanza SELAHALDIN leave within the next few weeks. It is estimated that this boat will carry about 400 passengers. This boat was not included in the original scheme. The SMYRNA the Greek boat which was included in the original plan is also being readied. Efforts are being made to send at least two additional Turkish boats from here. In addition there is the ALBA JULIA a Rumanian boat which can carry 4000 passengers and which is said to be available. Contemplate using the boat for Hungarian group. The detailed report of this question will follow immediately.

If a relaxation in the Bulgarian shipping restrictions occurs there is the possibility of Milca going to Constanza.

The most recent military operations the bombing of Constanza and the Russian campaign in Rumania may seriously affect all these operations.

I am serving as a member of a commission of three to investigate the MEFKURE sinking. Our preliminary findings are made on the basis of full interviews with survivors, and indicate that miscellaneous gunfire is the cause of the sinking. Survivors report that there was defective life saving equipment limited means of egress from the boat, inability to communicate with the crew because of language difficulty. It is announced that if the BULBUL had made the effort to assist in the rescue, 20 to 30 more people could have been saved. Detailed report is being made available to interested private and government officials.

NORWEB

WSB

ECC-240

PLAIN

Lisbon

Dated September 5, 1944

Rec'd 10:18 p.m.

Secretary of State,

Washington.

2742, fifth, 5 p.m.

NRB 179 JDC 66 FOR LEAVITT FROM FILPEL

Perlman cables through Amconsulate, Naples.

"received 3,000,000 lire gave Greenleigh half.

Greenleigh and I must consult with you now on several urgent policy matters. Please advise when expect you. Desire your cabled decision regarding financial assistance Jews in Yugoslavia. Address all future cables to Greenleigh at ANDEL Rome and he will advise me."

DU

NORWEB

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Madrid
DATED: September 5, 1944
NUMBER: 2467

CONFIDENTIAL

We have read with interest your despatch of August 14, No. 2903, and you may advise the Spanish Foreign Office that the offer of the Spanish Government to be of help in this matter is deeply appreciated by the War Refugee Board and the Department. In that connection, kindly point out that the essential need at the moment is to insure that the subjects of this correspondence shall remain alive in order that they may be exchanged for German nationals. Therefore, the most effective aid which the Spanish Government could render at this time would be to take the most energetic steps possible to prevent these unfortunate individuals from meeting the fate which met the victims of the Lublin mass executions.

HULL

SWP:ALC:BB

Paraphrase: DCR:VAG:FB 9/7/44

BJR-642
Distribution of true
reading only by special
arrangement. (SECRET W)

Madrid

Dated September 5, 1944

Rec'd 1:25 a.m. 7th.

Secretary of State,

Washington.

3044, September 5, 8 p.m.

FOR WAR REFUGEE BOARD.

In light of Department's 2331, August 24 to Lisbon from War Refugee Board it is not clear whether latter is interested in pursuing further matter raised in Department's 2361 of same date to Madrid and Embassy is consequently taking no action in this regard pending clarification. Embassy agrees that disappearance of common Spanish frontier with German occupied territory and related military developments have fundamentally altered Spain's role with respect to rescue of persecuted persons from German controlled areas of Europe, as a consequence of which there would appear no longer to be need for transit of such persons through Spanish territory.

Information just received through Intercross Budapest indicates Spanish visas have been granted to 500 Jewish children and 70 accompanying adults but that their departure is being held up by refusal of German authorities to grant transit visas. Foreign Office has no additional information on this subject and no information with respect to issuance of 1500 other visas but will endeavor to obtain such information.

Repeated to Tangier as 128 and Lisbon as 243.

HAYES

JMS:NPL

CABLE TO MINISTER JOHNSON AT STOCKHOLM FOR OLSEN

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, making use of all available channels, and advise urgently of anything you may be able to ascertain concerning this matter.

THIS IS WRB STOCKHOLM CABLE NO. 81

10:50 a.m.
September 5, 1944

LSLesser:tmh

9/4/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
Dated: September 5, 1944
NUMBER: 3060

SECRET

FOR MCCLELLAND FROM WAR REFUGEE BOARD.

Please deliver the following message to Rene Bertholet, Waserstrasse 14, Zurich, from the International Rescue and Relief Committee:

QUOTE Received your message of August 23 expect you do everything for Danny. Your plan opening office in France shortly has our backing. What will be location? Would like some former members of staff especially Paul if available. Whom else do you suggest? Are you in contact with Entr'aide? We planning send American coworkers of French descent as soon as possible. Keep us informed development your project. Do you have last known addresses of all proteges France or do you need lists? Try to locate as many as possible and report regularly whereabouts and needs. Jewish Labor Committee asks you contact their friends France and send them any Jewish Labor Committee money available also cable further needs relief their cases France. Send names last known addresses of all persons known to be in enemy or enemy occupied territory and who are one husbands wives parents or minor unmarried children of American citizens, two wives and minor children of aliens permanently admitted to the United States. Also send American addresses of such relatives. Efforts under way for rescue of such persons. UNQUOTE

HULL

PARAPHRASE OF TELEGRAM SENT

94

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: September 5, 1944
NUMBER: 3063

CONFIDENTIAL

Reference is made herewith to Department's Circular Airgram dated August 23, in which Bretton Woods Resolution VI is set out.

We request you to present to the Lichtenstein and Swiss Governments on or about September 19 a note along the lines set out below. Kindly report any developments or reactions following presentation of the note.

The 44 participating nations at the United Nations Monetary and Financial Conference held at Bretton Woods, New Hampshire, adopted a resolution as follows. (Quote text of Resolution VI.)

My Government instructed me to notify you that it regards the Bretton Woods Resolution as directed toward the same ends as the London Declaration of January 5, 1943 concerning looted property and the declaration with respect to gold of February 23, 1944 and that it gives its full support to the said Bretton Woods Resolution. Therefore, I am instructed to say that my Government in accordance with the terms of that Resolution calls upon your Government to institute the measures set out therein, and I am instructed to state that it regards cooperation in this matter to be of first importance to the security and peace of the world after the war and to the welfare of the enemy-occupied nations and the property and lives of their nationals.

The British and Soviet Governments are being requested to take like action and therefore, you should consult with your British colleague although you should not delay your representations much beyond the stated time on that account. A statement describing the action taken in general terms will be released to the press in Washington shortly after September 19. We have sent a circular cable to the same effect to the missions at Ankara, Dublin, Tangier, Lisbon, Madrid, and Stockholm.

HULL

FMA:ECH:SJR

Paraphrase: DCR:VAG:MLM 9/7/44

gm:copy
9-9-44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: September 5, 1944
NUMBER: 5820

CONFIDENTIAL

Given below is the substance of the Foreign Office's September 4 note: It is the belief of the Swiss Legation at Budapest that authorization will be granted shortly for the departure Palestine group of 2,000 Hungarian Jews. In addition the Swiss Legation states that the only present means of transport is the Danube.

Inquiry submitted by the Foreign Office as to whether the American Government is disposed to grant safe conduct for transportations Jews to Bulgarian frontier from Budapest by Danube steamers. Balance of the journey to Istanbul will be made by rail.

Similar safe conduct requests have been made to the Germans and the British by the Foreign Office.

The foregoing refers to my July 19 cable No. 4604.

HARRISON

Paraphrase: DCR:EBH:MEM 9/5/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: September 5, 1944
NUMBER: ~~5854~~ 5854

CONFIDENTIAL

Reference is made in the following to the Department's
June 24 cable, No. 2149; WRB 56, Numbered paragraph two.

According to a Swiss note dated August 31 the Swiss
Legation at Bucharest wrote on August 4 that no American
civilian was at camp in Rumania. The same is true of
nationals of Chile which is the only country of Latin Amer-
ica whose interests in Rumania the Swiss are representing.

HARRISON

IRC:EBH:MLM 9/6/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: September 5, 1944
NUMBER: 5856

SECRET

MCLELLAND SENDS THE FOLLOWING TO WRB.

FROM FANNY SILBERSHEIN-HIRSCH TO WEISSMANN OF SELF HELP.

The following Swiss francs sums have been received from you in this chronological order; 12869 the 28th of March; 42610 on the 13th of May; 21306 on the 21st of June; and 12783 on the 15th of July.

HARRISON

DCR:IDB:MLM

9/7/44

RA-105
Distribution of true
reading only by special
arrangement. (SECRET W)

Ankara

Dated September 5, 1944

Rec'd 4:42 p.m.

Secretary of State

Washington

1655, September 5, 5 p.m.

FOR PEHLE WRB FROM HIRSCHMANN ANKARA NO. 149.

The present situation in Rumania suggests the desirability of my proceeding to Bucharest as soon as possible to organize the rescue of refugees from Hungary. I should appreciate telegraphic authority for Katzyi, or myself or for both of us to enter Rumania as soon as possible accompanied if desirable by Passman on behalf of the JDC for a temporary visit to survey the situation. Passman is requesting permission from the JDC. I have discussed the matter with Ambassador Steinhardt who has no objection to the proposed visit provided the WRB and the State Department do not object.

STEINHARDT

DU

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Consulate General, Istanbul
DATED: September 5, 1944
NUMBER: 369

SECRET

Please deliver the following message to Leon P. Dennenberg from the International Rescue and Relief Committee:

QUOTE Send names last known addresses of all persons known to be in enemy and enemy occupied territory and who are one husbands wives parents or minor unmarried children of American citizens two wives and minor children of aliens permanently admitted to the United States. Also send American addresses of such relatives. Efforts under way for rescue of such persons. UNQUOTE

HULL

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
 TO: American Embassy, London
 DATED: September 5, 1944
 NUMBER: 7189

CONFIDENTIAL

Reference is made herewith to Department's cable of August 24, No. 6775.

With regard to Resolution VI of the Bretton Woods Conference, the chiefs of the missions at Ankara, Bern, Dublin, Lisbon, Tangier, Madrid, and Stockholm are being instructed to present on or about September 19 notes to the governments to which they are accredited reading substantially as follows and to report any developments or reactions:

The following resolution was adopted by the 44 nations assembled at the United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire. (Quote here the text of the Resolution as set forth in circular airgram referred to.)

I have been instructed to inform you that my Government, considering the Bretton Woods Resolution to be directed at the same purposes as the Declaration of London, of January 5, 1943, concerning looted property, and the declaration of February 22, 1944 with regard to gold, fully supports the said Bretton Woods Resolution. Therefore, in accordance with the terms of that Resolution, I am instructed to state that my Government calls upon your Government to institute the measures set forth in the Resolution. I am further instructed to state that my Government considers cooperation in this matter to be of primary importance to the welfare of occupied nations and to the protection of the property and lives of their nationals, and to the security and peace of the post-war world.

It would be desirable to have simultaneous parallel action by the British Government as the note quoted above merely endorses the Bretton Woods Resolution VI, and since, as stated in your cable of August 11, No. 6472, the Foreign Office is ready to cooperate in any measures with regard to that Resolution which the Department takes, it is thought that the British will readily accede to this proposal. We are making a suggestion similar to this to the Soviet Union. It is not thought wise to postpone action any longer than necessary; therefore the deadline is set at about September 19. There will be issued in Washington shortly thereafter a press release describing in general terms the action taken.

FMA:BOH:SJR:11
 Paraphrased: DCR:VAG:EFR 9/7/44

HULL

gm:copy
 9-9-44

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

101
DIVISION OF
COMMUNICATIONS
AND RECORDS

MLB-154

PLAIN

London

Dated September 5, 1944

Rec'd 6:50 p.m.

Secretary of State

Washington

7265, Fifth

The TIMES of September 5 carries a long

DEPARTMENT OF STATE

SEP 7

DIVISION OF
COMMUNICATIONS & RECORDS

editorial on the Bretton Woods monetary scheme which presents similar arguments to those put forward in the three feature articles printed in the TIMES of August 21, 22 and 23 (reported in airgram 1027, August 23 and forwarded with dispatch number 17625 of that date).

The editorial refers to the correspondence following the appearance of the special articles and states that the argument expressed in the articles that such devices as barter, quotas, et cetera might not be able to be used without resorting to special currency arrangements which would infringe the Bretton Woods Agreements, had not been fully met. The editorial states: "Whether she desires it or not

Great Britain

-2- #7265, Fifth, From London

Great Britain may be compelled to make such agreements in order to obtain essential supplies of food and raw materials, and it seems important to make sure that she will be in a position to do so without having to resort to forms of direct commercial control which would be more obnoxious than clearing or payments agreements."

The editorial questions the practicability of attempting to restore the pre-1914 free monetary system by means of the Bretton Woods or any other scheme. It is claimed that the three conditions which the free system presupposed "an expanding population throughout the world, constantly expanding frontiers and free migration of human beings" no longer exist and the editorial adds "it would be rash to assume without more ado that it is practicable, in the absence of these conditions, to treat as valid former principles of international currency and exchange whose successful application was dependent on them. The issue which confronts the nations today is not to discover an international monetary system which would work satisfactorily in an expanding world economy - as the ingenious Bretton Woods

-3- #7265, Fifth, From London

Woods scheme undoubtedly would - but a system of international trade and finance which will set the processes of expansion in motion. And if it be argued that the Bretton Woods scheme should not be criticized for failing to achieve something which it does not profess to attempt, it is none the less incumbent on the Government to convince themselves and the public that nothing in the scheme stands in the way of other necessary policies directed towards the promotion and expansion of trade."

It is then asserted that the "question which will perhaps move opinion in this country most deeply is the impact which the scheme may be expected to have on the trade cycle and therefore on the prospects of employment and unemployment. There can be little doubt of the direct influence exerted by domestic economic policies in all major countries upon the working of any international monetary or commercial arrangement." Stating that the British would exhaust the credit facilities of the fund in the event of a slump in the United States, the editorial observes "it would seem difficult for any government which has accepted the prime responsibility of maintaining
a high

-4- #7265, Fifth, From London

a high and stable level of employment in the future to ratify the Bretton Woods agreement without a further clarification of this issue."

The editorial then argues that rigid adherence to most favored nation treatment has in the past "frustrated many efforts to limit the incidence of high tariffs and restrictive exchange controls," and advocates freedom for every country to "remove trade obstacles which affect its relations with its principal creditors and suppliers, even if a general removal of restrictions should not prove feasible."

A copy of this editorial goes forward by air mail.

Inform Treasury.

WINANT

WTD

Copy No. 11NOT TO BE RE-TRANSMITTEDSECRETOPTEL No. 290

Information received up to 10 A.M. 5th September 1944.

1. MILITARY

France On their right U.S. forces have reached the MOSELLE opposite METZ, PONT A MOUSSON and NANCY and have occupied NEUFCHATEAU. On their left they have made further advances near MONS and toward CHARLEROI. On the 3rd U.K. armoured forces advanced about 60 miles and occupied BRUSSELS, while on the left flank Polish armour reached the RIVER AUBIE. The German Commander LE HAVRE has rejected an ultimatum to surrender.

Southern France On RIVIERA Coast no further progress last 24 hours. French and U.S. forces are now NE and N. of MONT front extending from the SWISS-frontier west of GENEVA to the river SAONE at VILLEFRANCHE. BOURG en BRESSE and STETIENNE have been occupied.

Italy U.K. and Canadian troops have been engaged in very bitter fighting in the ADRIATIC sector especially near CORIANO where German resistance has stiffened considerably. U.S. troops of the Fifth army have continued to make good progress. Our troops are only two miles short of PRATO and have captured MONSUMMANO ALTOPASCIA and RIFAPRATTA.

Russia Russians report advances to points 30 miles West and 40 miles Southwest of LOMZA.

Roumania They have captured BRASOV.

2. AIR OPERATIONS

Western Front 4th. 357 fighter bombers (one missing) attacked enemy positions BREST, 106 tons. Over 700 fighters, (8 missing) attacked German transport in N. and N.E. FRANCE and BELGIUM and destroyed about 1,000 motor vehicles and over 700 horse drawn vehicles.

Italy 2nd and 3rd. Heavy bombers from MEDITERRANEAN, (two missing) dropped 205 tons on FERRARA railway centre with good results. 3rd. Medium and fighter bombers attacked road and railway centres in the TURIN area and upper PO Valley, 16 locomotive 126 railway wagons and 72 motor vehicles claimed destroyed. 4th. Liberators and Fortresses dropped total 1,168 tons on the U-Boat base at GENOA and railways in Northern ITALY.

Yugoslavia 3rd. Heavy bombers from MEDITERRANEAN effectively bombed bridges and ferry slips near BELGRADE, 507 tons. Fighters shot up two airfields near BELGRADE destroying 39 grounded aircraft, while others destroyed 40 locomotives, 30 railway wagons and 40 motor vehicles.

Hungary 3rd. Liberators and Fortresses dropped 288 tons on railway bridges SZAJOL and SZEGED, both bridges rendered unserviceable.

Germany activity Between 5 A.M. and 6 A.M. today 14 flying bombs plotted.

September 6, 1944
9:16 a.m.

HMJr: Hello, Jack.

John
McCloy: Yesterday

HMJr: Yes.

M: the Secretary came back very depressed

HMJr: Yeah.

M: over this business.

HMJr: Yeah.

M: And then he sent -- he's dictated a memorandum which I guess you've gotten by this morning.

HMJr: I got it last night.

M: Last night. I wondered whether you could give me some idea of what went on, or is it -- or are you not free to talk now?

HMJr: Well, why don't you get it from him?

M: Well, I have, but I want to get the other side of it a little bit. In the first place, he seemed to be terribly -- uh -- low when he came back because he felt that -- oh, he felt that nobody had agreed with him; that they'd all -- everybody had felt -- taken a position which he thought led to the so-called obliteration of the Ruhr and I said I didn't feel that that Paragraph H was meant to indicate that, and he says, "Oh, yes, that was the way it was interpreted." And he sounded -- the way he put it -- as if we were pretty far apart. Well, are we far apart, is what I want to know.

HMJr: Well, look, Jack, I'll be glad to see you if you want to come over.

M: Yeah.

HMJr: I've got nothing that approaches the importance....

M: Yeah.

HMJr: of this.

M: Yeah.

HMJr: If you want to come over I -- I'm -- I'm available.

M: Suppose I -- suppose I run over. How about the rate? Where do we stand on that?

HMJr: I haven't heard from Brand and I don't -- and what I -- went through my mind -- I'd be glad to have you advise me -- I thought it was a sign of weakness if I called him up.

M: I think it is too.

HMJr: And what I was going to do when I saw the President....

M: Yes.

HMJr: and this is strictly for you

M: Yes.

HMJr: or Mr. Stimson.

M: Yeah.

HMJr: I was going to bring it up.

M: Yeah.

HMJr: But I don't want the English to know that.

M: Right. Right.

HMJr: But I thought if I called him up, or called up the Chancellor of the Exchequer, it would seem as though I was worried.

M: I think that's right. That's my judgment.

HMJr: But if you could get here by ten

M: Right.

HMJr: and give me a chance to clear a couple of appointments....

- 3 -

M: Right.

HMJr:I'm available.

M: I'll be there at ten. Let me ask you this one more word.

HMJr: Yes.

M: How did you make out with the Germans? I'm sorry I couldn't get over there.

HMJr: Well

M: Did it make -- did you get anywhere?

HMJr: I -- I was sick yesterday afternoon. The first time in a year, I had to go home.

M: Oh. Oh.

HMJr: But Bell and White and Gaston and all were tremendously enthusiastic and I'm going to have them come down again.

M: Uh huh. Well, I'll talk to them.

HMJr: They felt that it was a -- a great meeting and -- but I actually was sick and I just couldn't

M: Right. Well, I'll get it from them.

HMJr: Right.

M: Okay.

Conference in Secretary's Office
September 6, 1944
9:30 a.m.

Mr. McCloy had telephoned the Secretary, saying that he would like to know a little more on what happened at the conference between Secretaries Hull, Stimson, Morgenthau and Mr. Hopkins yesterday. He said that Secretary Stimson was quite upset over the matter.

Mr. McCloy began by saying that he wanted to know more about what happened because when he spoke to Secretary Stimson the Secretary was more depressed after the conference than he had ever seen him. Secretary Stimson felt that he had all the others against him, particularly Secretary Hull, on the question of what to do with Germany. Secretary Stimson felt that Secretary Hull had argued on a "pretty low level".

Mr. McCloy said that Secretary Stimson had dictated the memorandum commenting on Secretary Hull's memorandum himself though Mr. McCloy had advised him to modify it with respect to the statements relating to the economic situation. He thought that in his earlier discussions with Secretary Stimson, Secretary Stimson was coming around on many of the points, such as partition of Germany, internationalization of the Ruhr, and the Rhineland to go to France, etc., and some reduction in the economic potential of Germany, but that Secretary Stimson in the memorandum submitted to Hull gave the impression that he was further away from the position of the Treasury than before. He himself (McCloy) felt that it would be a mistake to lock up the Ruhr the way the Secretary had suggested but was willing to go along on the other things. Mr. McCloy said that in fact he thought that he and Treasury were fairly close together.

The Secretary said that he thought that Secretary Hull had made quite an excellent statement at the conference. Secretary Hull had stressed the fact that the roots of Nazism went thousands of miles deep, and eliminating the Gestapo though desirable in itself was not nearly enough. He repeated an illustration which Secretary Hull had given, indicating that Secretary Hull was in favor of so fixing German economy that it would take it 75 years to recover. The Secretary said Secretary Stimson said he wouldn't change his mind and that he had said his last word. Secretary Stimson had also said that the way to meet the Germans was through principles of Christianity and kindness. Secretary Morgenthau said that he himself hadn't done much talking; that most of the talking was done by Secretary Hull and Secretary Stimson.

Mr. McCloy said he objected to proposals in the directive, like military uniforms or military medals. He didn't see why soldiers who had fought in the war should be deprived of wearing ribbons if they

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wanted to. He thought that such matters would be found impossible to administer, and should be left to the discretion of the officers on the ground.

The Secretary said that the principal thing was not concerned with such matters, and that on the matter of reducing the economic strength of Germany he had not changed his position. He felt that was the only thing that we could do to reduce the risk of future wars. The Secretary said, "Incidentally, Secretary Stimson keeps repeating the fact that 30 million people will starve if the Ruhr is closed down." Mr. McCloy said Secretary Stimson got the figure by calculating the difference in population between Germany in the middle of the 19th century and the present population of Germany.

The Secretary said that he was going to see the President at 11:30 that morning and he presumed McCloy would receive word from Secretary Stimson calling him back. (Such a message did come a little later.) The Secretary then asked Mr. McCloy if he wouldn't want to stay for the discussion with Mr. Brand. The Secretary inquired why, if the Army and State were working on the directive, they didn't have the Treasury boys in to help. Mr. McCloy replied that it was purely War Department personnel and no one from the State Department or Treasury Department were present. After the directive was finished they proposed to submit it to the State and Treasury Departments.

H. D. White

Conference in Secretary's Office
September 6, 1944
10:30 a.m.

Mr. Brand called for the appointment. Mr. McCloy was there from a previous appointment. The Secretary had asked him to remain while Mr. Brand reported.

Mr. Brand said that he had received a message from the Chancellor of the Exchequer in reply to his communication. The Chancellor said that he appreciated fully that the view expressed by the Secretary was not an arbitrary one and he understood the situation here. The Chancellor was also gratified that the decision to use yellow seal dollars had not been made, especially in view of the fact that the Combined Chiefs of Staff had already issued a directive calling for the use of the invasion mark currency. He wanted to say that the Chancellor felt that if the Chancellor's memoranda were carefully studied they would be found to have impressive arguments against the use of yellow seal dollars. Mr. Brand said that the Chancellor felt that the question of the use of the yellow seal dollars was quite a separate one from the rate to be used in pay of soldiers. Agreement had already been reached to limit the agreed upon rate to pay of troops. Therefore the question before them for decision now was limited applicability. It was the Chancellor's feeling that a rate of 10 cents would contribute to inflation in Germany and inflation would interfere with the reparations producing capacity of Germany. Moreover, if a rate of 10 cents were set it would be found very difficult to appreciate the exchange rate when and if a later determination was made as to the appropriate rate of exchange to be applied to commercial transactions whereas it would be easier to depreciate the rate should the rate be found to be too high.

I commented that the opposite was true, that it was probably the appreciation of the mark that would be easier if it were found to be desirable and would have less consequences than the depreciation of the mark. Mr. Brand replied that this couldn't be done. I reminded him that that was precisely what was done in North Africa.

Mr. Brand said that his Government in view of the circumstances was willing to accept the 12 1/2 cent as a solution of the problem and in doing so they felt that they would come a long way. The Secretary asked: "A long way from what?" and I commented that the rate of 12 1/2 cents was one the British were ready to agree on 5 months ago when we had wanted the 5 cent rate. Mr. Brand said that the discussion was between 6 and 8.

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I reminded Mr. Brand that the discussion was between 6 and 10 and Mr. Brand replied that we had agreed with the Russians on the 8 cent rate. I said we hadn't agreed on that rate. We might compromise on a 12 1/2 cent rate but that we preferred a 10 cent rate and the British preferred a 16 cent rate.

Secretary Morgenthau said that White didn't have any authority to commit the Government to a 12 1/2 cent rate and that he knows White couldn't commit his Government without clearing the matter with him and that his view was that the 10 cent rate was the highest we would go.

The Secretary said he was disappointed in the Chancellor's reply. Mr. Brand said that the Chancellor had done his best, and Secretary Morgenthau said, "Well, the Chancellor's best in this instance was not enough, in my opinion." The Secretary said that maybe the best way to settle the matter was for us to use whatever rate we wanted for our troops and the British to use what rate they wanted or possibly for the Americans to use the dollar. Mr. Brand said he hoped that that would not be the decision since that would create serious problems. The Secretary said that he didn't know what the President would decide but that he (Secretary Morgenthau) would not agree to anything higher than 10 cents. The President might, he said, insist on using dollars. He said he expected to see him shortly on the matter. The Secretary asked if Mr. Brand couldn't put on paper approximately what the Exchequer had cabled and whether he couldn't have it within two hours. Mr. Brand said that he could get it to him.

Mr. McCloy received a message from Secretary Stimson and had to leave. He called me up about an hour later and asked whether an agreement had been reached, and I told him how the matter was left. He said he hoped that we would come to some agreement inasmuch as American troops were already on the Rhine.

H. D. White

Mr. Brand's secretary phoned and said that the words on the second page reading "between 10 cents and 12½ cents" should read, "between 20 cents and 12½ cents". She asked that we make the correction.

UNITED KINGDOM TREASURY DELEGATION

BOX 680
BENJAMIN FRANKLIN STATION
WASHINGTON, D. C.

REFERENCE:

September 6, 1944.

TELEPHONE EXECUTIVE 2020

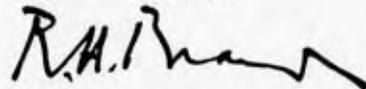
291B

Dear Mr. Morgenthau:

At our discussion this morning you asked me to let you have in writing a statement of the Chancellor's views on the questions which we were considering.

Accordingly I now enclose a paraphrase of the message which I have received from the Chancellor in this matter.

Yours sincerely,



R.H. Brand.

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

September 6, 1944.

Paraphrase of a message received from Sir John Anderson,
Chancellor of the Exchequer, dated September 5th, 1944:

1. The Chancellor asked me to state that he appreciated the difficulties to which Mr. Morgenthau had referred and of course fully accepted Mr. Morgenthau's assurance as delivered by me that he did not intend to suggest any action of an arbitrary or unilateral character. The Chancellor was very glad to hear that no actual decision had been taken with regard to the use of yellow seal dollars. As stated in his previous message to Mr. Morgenthau of September 4th, a decision in that sense would have produced the greatest difficulties for the British Government. He believed that, if the arguments he had used in this message were examined, they would be found conclusive against the use of yellow seal dollars in Germany. The Chancellor also wished me to bring to the notice of Mr. Morgenthau that he understood that the Combined Chiefs of Staff had already notified General Eisenhower that A.M. marks were to be used in Germany, and in fact had issued a directive to him accordingly.
2. The Chancellor however saw no immediate connection between the possible use of yellow seal dollars and the proposal to fix a rate of ten cents for the mark for soldiers' pay. As he understood, what we were discussing and had been discussing for some weeks was the very limited question of the rate for soldiers' pay. In other words we had agreed to leave over for the time being any question of the general rate to be fixed between the Reichsmark and other currencies, until we were able to receive recommendations from the Commander-in-Chief and his advisers as to what rate should actually be fixed according to German conditions as they were found to be. Nevertheless it could not be overlooked that if a low rate were fixed for the use by soldiers of A.M. marks, this would undoubtedly affect the question of the depreciation or otherwise of the German Reichsmark, because it must become generally known in Germany and the world at large, and would be taken as a guide to our intended action in the future.
3. The Chancellor recognized that there might be differing views on the American and British sides on the question of inflation in Germany. While the British Government recognized that it was impossible to say what would ultimately happen to the Reichsmark, they did not wish to encourage in any way by deliberate action any depreciation. That was mainly because depreciation

-2-

of the Reichsmark would in their opinion add greatly to the difficulties of the Commander-in-Chief in keeping order in Germany and maintaining German production needed for Allied requirements as well as the minimum requirements of the German population, and also because it would affect the possibility of any reparations from Germany and would, despite certain other disadvantages to the Germans, enable them to free themselves from all internal debt. For these reasons the British Government did not wish to prejudice the ultimate decision which no doubt would shortly have to be taken about the Reichsmark itself.

4. As regards soldiers' pay the discussions on the official level between the U.S. and U.K. Governments had been proceeding for some time on the basis of fixing the A.M. mark at between 5 and 8 marks to the dollar (i.e. between ~~20~~ cents and 12½ cents to the mark). The U.S. Departments had been in favor of 8 marks, the British had not wished to go beyond 5. In response now, however, to Mr. Morgenthau's appeal, Sir John Anderson would be prepared, though he continued to regard it as too high, to agree to fixing the rate for soldiers' pay at 8 marks to the dollar. In other words, he would abandon his opposition and agree to the rate, which in the discussions at the official level recently it had been understood the U.S. had been ready to accept. In so doing he believed he had gone a very long way to meet Mr. Morgenthau. He was therefore hopeful that what he had done would enable Mr. Morgenthau to reach a settlement.

Sept 6. '44

RH. I. [Signature]

September 6, 1944
3:59 p.m.

HMJr: Hello.

Operator: Mr. McCloy.

HMJr: All right.

Operator: Go ahead.

John McCloy: Hello.

HMJr: Yes.

M: We've gotten several cables from Eisenhower on this handbook business.

HMJr: Yes.

M: And this fellow -- this Brigadier Foster came over here with it last night.

HMJr: Yeah.

M: They're asking for a means of putting something out right away and we've worked out a method which I'd like to have you understand, and I wonder whether you could see John Boettiger -- Boettiger if he came over now and showed you what our suggestion is.

HMJr: This is the

M: What's that?

HMJr: This is the worst time for me..

M: It is, huh?

HMJr: Uh -- wait a minute.

M: Well, can he talk -- can he talk to White or

HMJr: Uh -- I've -- let me just think -- I suppose he's there with you now.

M: No, he's just stepped out a minute -- gone down to his office to get his hat and coat on. That's -- now, I'll -- but he's going to check in with me before he goes.

HMJr: Well, how long would it be over here?

M: I think it -- I think he'd only be there --
I think if he -- he explained to you what the
plan is -- I think he could do it in ten minutes.
It doesn't mean going over the thing at all, but
we've got a system and a method of handling it
that

HMJr: Well

M: I think is

HMJr: I've got

M: satisfactory, but it's hard to explain over
the telephone.

HMJr: Well, if he could come right away

M: Yes, I'll put him in a car and get him right
over there.

HMJr: Supposing you do that.

M: And I -- and then -- then you can tell him what
you think.

HMJr: Right.

M: Right. Okay. Bye.

September 6, 1944
3:55 p.m.

REVISION OF MILITARY HANDBOOK

Present: Mr. D.W. Bell
Mr. White
Major Boettiger
Mr. Pehle
Mrs. Klotz
Mr. Gaston

H.M.JR: I had a very unsatisfactory meeting over there with the President. Stimson started off right away on this subject, arguing, as he put it, against the locking up of all the resources in the Ruhr. And when Stimson got through the President took the same position I have been taking on the Ruhr; namely, that the English would have the advantage of the steel business if the Ruhr was closed.

The President seems to be under the impression that the steel and coal in the Ruhr - well, he is mixed up on that. I told him. Through the discussion, of course, Stimson maintained his position, but the President kept saying, "Well, you can do this economic thing in six months - a year; there is no particular hurry." I tried to explain to him what that was. I didn't do an awful lot of talking. Then the President went into something quite new. He said he was thinking of Dutchess County and how it was back in 1810, and how the people lived in home-spun wool. He went back to when he was a boy, and - I will have to use the language he did - he used a Chick Sale, and that people could get along without bathrooms and still be perfectly happy. I don't know just where this episode occurred--

MR. GASTON: We are going to destroy the plumbing in the Ruhr, is that the idea?

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H.M.JR: That there is no reason why Germany couldn't go back to 1810, where they would be perfectly comfortable but wouldn't have any luxury - a home-spun Chick Sale era. He expounded on that at great length.

MR. WHITE: That would dispose of many millions of people!

H.M.JR: What seemed to be in the President's mind was that while he wouldn't touch the steel mills right away - he would leave them there and sort of decide gradually what would happen to them - he had the idea that this thing was good for England, but he didn't have the whole picture.

Hopkins, on the other hand, made a very forceful argument against there being any steel mills at all, or any other war factories. I mean, he was quite forceful.

The net result - the unfortunate thing is that the President gave us barely a half an hour. I do think I made an impression on him over the week end in what I gave him, because he had that in his mind. But he certainly gave aid and comfort to Stimson.

On the other hand, when they got on this question of Germany, on trade and her position, he turned to Hull and said, "Now, of course, Mr. Hull, you and I together, for the last fifteen years, have stood for increased trade, and increased prosperity and peace, and so forth, and I am sure you agree with me that we have got to do that in Germany," and Hull didn't answer him. He just went off on another track.

But the sad part about this thing is, you see, although I pointed out to the President that he had to do this thing right away - he just won't give you time enough to talk the thing out. I mean, this thing is a matter of hours and I feel very badly about the thing. It isn't lost, by any means, but I did give him this, I said, "This is the directive which is enforced by the Combined Chiefs of Staff, on which this handbook is based, and this directive is still in existence." Now he has that. I gave it to him.

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I immediately went to Hopkins' office on the way back and left word there I wanted to talk to him. He has never called me.

Oh, yes; they got off on the question of High Commissioner and the President didn't see why there should be one now. Then he said, "Well, if there was one" - he thought it ought to be Jimmy Byrnes.

MR. WHITE: The President thought that?

H.M.JR: Yes. And Hull said, "What is the matter with Hopkins?" And Hopkins sat right up. The President said, "Well, I don't want to see Harry go into a German hospital right away."

MRS. KLOTZ: That didn't mean anything.

H.M.JR: Oh, yes, it was very clear what he meant. He said, "Harry needs a lot more pipe in his insides, and I don't know whether we can get any pipe over there." In fencing that is known as touché!

Then Hopkins said, "Well, I am not going to suggest it if Mr. Stimson doesn't want it, but what about Patterson?" There was no comment.

MR. GASTON: No comment on Patterson?"

H.M.JR: Yes, I am a little bit hasty on that, but I know that Hull spoke of Hopkins after the President mentioned Jimmy Byrnes. I was told that Jimmy Byrnes is quitting in a couple of weeks and they have to find a spot for him.

MR. BELL: November, the paper said.

H.M.JR: For the future security of the world - what the heck!

MR. GASTON: Patterson is younger and more vigorous than Byrnes.

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H.M.JR: There is no comparison. And Jimmy Byrnes isn't going to do any of these things we want. I need a night's sleep in order to orient myself. And I have a request in to see the President tomorrow morning on the exchange rate. I couldn't get to first base.

MR. WHITE: You mean you didn't raise it?

H.M.JR: I wasn't going to raise it with one foot in the door and Watson pacing up and down.

MR. BELL: Have you heard from the British on that?

(Off the record discussion)

MR. PEHLE: Well, it is still worth while.

H.M.JR: Oh, I am not down.

MR. PEHLE: I mean, all the influence you have - it seems to me, whether you get every point or only part of them, it is all good.

H.M.JR: Look, the President has our memorandum. Hull hadn't sent them over, and I said, "Why don't you give the President this stuff?"

Stimson said, "Look, what the Treasury is going to do, they are going to make an ash heap" - now its an ash heap - "out of the Ruhr."

The President, you see, is just about this far over. He said, "The Germans are very wonderful in agriculture, aren't they, Henry? With their method they could take care of another ten million people, couldn't they?"

I said, "Sure they could."

MR. WHITE: They could. Get them a little more nitrogen, leave them their nitrate plants; they might have to eat a little more cabbage and less pork, but they will get along. If we could give them all the pigs knuckles that we didn't raise through our program!

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H.M.JR: They are sending down some new directive - you know the directive I mean.

MR. WHITE: The mimeographed or original one? The first one was mimeographed.

H.M.JR: Well, as I say, momentarily I am exhausted, but I will snap back tomorrow morning.

MR. PERLE: Has Hull ever accepted this Ruhr thing?

H.M.JR: No, I think Hull is just travelling a little bit slowly on this thing. There are two people now who seem to be all right on this thing.

(Major Boettiger enters the conference)

MAJOR BOETTIGER: Perhaps I can explain this to you quicker, rather than having you read all these.

The handbook has been revised by SHAEF. They sent to us a revised copy of it, which we received yesterday, by a Brigadier Foster, who is the Chief Legal Officer. We went over the handbook yesterday and it is still deficient - I mean, it has bad spots in it. So Brigadier Foster, last night, cabled SHAEF saying there were additional corrections to be made. He suggested they cable us, advising that additional changes would be made along certain lines strengthening the sections dealing with ousting Fascists, and also clarifying the economic sections, and that if they sent such a cable, the Combined Chiefs of Staff, he thought, would authorize the issuance of the handbook as amended.

H.M.JR: Who thought so?

MAJOR BOETTIGER: Brigadier Foster thought so, the Chief Legal Officer.

Well, that cable went out last night over the British Diplomatic System, and crossing it came this cable from Eisenhower to the Combined Chiefs, today, in which he said - well, I don't know whether you know this, but previously we

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had told SCAEF - Eisenhower - in another cable, that if he blocked out all the policy sections of the report of the handbook, that it would be satisfactory to issue it.

H.M.JR: I didn't know that. Did you know it, Harry?

MR. WHITE: There is a lot of explanatory and descriptive matter there. Just what could be described as policy and what is descriptive, I am not clear. We don't have a copy of it.

MAJOR BOETTIGER: In any case, he says in this cable that it is impossible to block out the policies, that if those policies are to be changed that the whole book would have to be rewritten, anyway, that meanwhile he is in desperate need - he says that it is of the utmost importance that Army groups should be provided with guidance.

"... The printing has already been completed and the documents are now with me in France awaiting your authority to issue."

In the reference to Paragraph 3, he says, "If you so direct, we shall put out the directive and handbook with a covering note instructing Commanders categorically not to apply the provisions relating to general economics, and rehabilitation."

He says that he doesn't have the time or facilities for blocking out the policies, as had been suggested.

H.M.JR: May I interrupt you a minute? At this meeting this morning - I have just been telling the people - it was a most unsatisfactory meeting this morning. I am just heartbroken about this meeting with the President this morning - Stimson and Hull and myself.

MAJOR BOETTIGER: I know there was a meeting, but I haven't a fill-in on what happened.

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H.M.JR: I handed to the President at that time the directive of the Combined Chiefs of Staff on which this handbook was based. Now, he has that, do you see? And, of course, that is the, so to speak, springboard from which the handbook was created, and when Stimson says that the handbook was done by SHEAF without any authority, that is in a sense misleading, because it was based on this directive which was passed by the Combined Chiefs of Staff. I think I am correct on that.

MAJOR BOETTIGER: Yes, sir.

H.M.JR: And I gave that to the President this morning. Now, the reason I bring this up is, that directive is still in existence and has not been recalled. The President killed the handbook after I gave it to him, and used my memorandum as a basis for his letter. So I think we ought to go to the source, which is a directive which was issued here, and get that changed. You have followed it closely. Am I making myself clear?

There may be some big gaps in it that I don't know about. We got this thing by putting our nose under the tent.

MAJOR BOETTIGER: It is too bad we didn't get the nose under the tent several months ago.

H.M.JR: I agree, but better late than never. And thank heavens the President did let me go to England and find this stuff.

(The Secretary holds a telephone conversation with Secretary Hull, as follows:)

September 6, 1944 125
4:14 p.m.

Cordell
Hull: I'm just moving.

HMJr: Cordell, do you think we could get together,
maybe, Friday morning?

H: What's the President's state of mind?

HMJr: Well, I want to talk to you about what happened
there this morning and where do we go from there.

H: Well, of course.

HMJr: Because I'm very much discouraged, but I -- I'm
discouraged but not licked.

H: Well, my idea

HMJr: Pardon?

H: My idea is that they've got to have somebody to --
to work into that economic problem and give it an
analysis.

HMJr: Yes.

H: Give some of the "pros" and "cons".

HMJr: Yeah.

H: And let us pick up the things then and look at it
when we can see it.

HMJr: Well

H: Now, I -- that was the reason, among others,
why I thought we ought to move

HMJr: Yeah.

H: with both an Axis -- I mean both heads of
the economic situation. You know he -- he's not
unfavorable to Jim Byrnes for that.

HMJr: Pardon me?

H: He's not unfavorable

HMJr: No.

H: to Jim Byrnes for that.

HMJr: No, so I gathered.

H: Yeah. He mentioned him, you know, for top place.

HMJr: He makes what?

H: He mentioned him for top place.

HMJr: So I gathered.

H: Now, I don't know whether -- I'm under the impression that Harry would be willing to take that. Is that your impression?

HMJr: No, my impression was that -- that Harry didn't want it.

H: Well, I -- I -- I had it the other way.

HMJr: Well, did you get it so-to-speak from the horse's mouth.

H: Well, I got it pretty directly -- not exactly directly

HMJr: No.

H: but almost so....

HMJr: No.

H: in the last two or three days.

HMJr: Yeah.

H: He may have changed his notion.

HMJr: Yeah.

H: So, I'm not much uneasy about their running off with that situation.

HMJr: Yeah.

H: No matter what kind of ideas they bring up.

HMJr: Yeah.

H: Because they'll get stalled just like they do on this -- you wouldn't agree on that, if they put -- like so many other people who started out on one side or the other of dismemberment and then got over on the other.

HMJr: Yeah.

H: And maybe back again.

HMJr: Yeah.

H: They'll run into that sort of a thing here. And they're not going to have support of the Stimson idea. They simply are not going to have it.

HMJr: No. Well, if you aren't too busy the first thing Friday morning, I'd like to drop over.

H: Yeah. Yes, all right. What is this? Wednesday?

HMJr: Yes.

H: Yes, all right.

HMJr: Around nine-thirty?

H: About nine-forty.

HMJr: Nine-forty.

H: Yeah.

HMJr: Well, I'll drop over there if I may.

H: All right, Henry.

HMJr: Thank you so much.

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MAJOR BOETTIGER: Well, this cable which we have drafted and which Mr. McCloy asked me to take up with you reads as follows - I think if I read it it will be as quick as anything I can tell you: "Handbook and directive brought over by Brigadier Foster, greatly improved, but not yet satisfactory. They should be rewritten to give effect to the principles hereinafter stated. If at all feasible there should be no distribution until such revision has been made. However, if immediate distribution is absolutely essential, you are authorized to issue handbook in latest form for minimum essential distribution, with a covering page attached as the flyleaf to each copy of the handbook, stating that the following principles supersede all portions of the handbook which are inconsistent therewith. 1. No steps looking toward economic rehabilitation of Germany are to be undertaken except as may be immediately necessary in support of military operations and occupation. 2. No relief supplies are to be imported or distributed beyond the minimum necessary to prevent disease and such disorder as might endanger or impede military operations and occupation. 3. Nazi officials will be removed from office and Nazi organizations will be abolished without regard to consideration of administrative or other expediencies."

That is the end of the quote. Similar measures should be taken in connection with the issuance of the directive to indicate to Commanders that the same principles stated above are applicable to it. The handbook and directive should be further revised to embody the above principles without delay. The distribution should be conducted in such a way as to permit the withdrawal of all copies of the present draft and the substitution of the corrected and approved handbook and directive as soon as they can be made available.

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

MR. BELL: I think that might be the minimum you could say at this time, in view of what has happened.

H.M.JR: Harry?

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MR. WHITE: I think that is a definite improvement. There needs to be more said than that. I haven't seen the new handbook, so I don't know how much difference there is between the old and new.

MR. BELL: Time is a factor here, now.

H.M.JR: Yes, we haven't even seen the new handbook.

MR. GASTON: It isn't the new that has been printed, is it?

MAJOR BOETTIGER: Yes, it is the new one; the new draft that has been printed and is in France with Eisenhower waiting to be sent to the front.

H.M.JR: But this General has brought over a copy?

MAJOR BOETTIGER: Yes, sir.

H.M.JR: If they want to ask our advice, why don't they let us see the document?

MAJOR BOETTIGER: There is only one copy of the document in the U.S. and that is now with Brigadier Foster who is dictating the corrections which we have suggested to him.

H.M.JR: I mean, before I am going to give that my O.K., I would like - any time--

MAJOR BOETTIGER: The handbook, I am telling you, is not satisfactory.

H.M.JR: I still say - well, before I become a party to that cable, I would like to see the handbook.

MR. GASTON: The question is, how bad is it?

H.M.JR: Yes, and I think we could improve that.

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MAJOR BOETTIGER: Well, sir, do you want me to leave this with you? If you want to see the handbook, we can make an effort. It is not in our possession; it is in the possession of a representative of General Eisenhower, and he gave it to us yesterday to go over, and we went over it with him and made a great many alterations or suggestions.

H.M.JR: Yes, but the Secretary of War's office is asking the Secretary of the Treasury to pass on a cable to General Eisenhower, and I say; one, I am confident that we can stiffen up that thing that is going on the flyleaf; and, two, before I am going to go any further, I am going to ask that this General escort this thing over - with an armored car, if necessary - and we will have a look at it.

MR. WHITE: That is a substantial improvement.

MAJOR BOETTIGER: I didn't understand that last.

H.M.JR: If the thing is so precious, he can bring it over with an armored escort.

MAJOR BOETTIGER: I am speaking to you very ex cathedra, now; I don't think it would be a good idea to bring the British over here to the Treasury with a draft of their handbook.

MR. WHITE: The British?

MR. GASTON: Yes, you see, this is in the possession of the Allied High Command, not the United States. It is a British officer that has it.

MR. WHITE: You mean that the British can see things that the Americans can't?

MR. GASTON: No, no. It is not in our possession.

MAJOR BOETTIGER: I don't think - maybe the British know that you have this great interest in this subject matter. Do they?

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H.M.JR: I haven't told them. It is not my business to tell them. But a man happens to come over, because in the setup under Eisenhower there happens to be a Britisher--

MR. WHITE: I thought he was just a messenger boy.

MAJOR BOETTIGER: He is the Chief Legal Officer. I don't think I have made it clear why I don't want to bring the British--

H.M.JR: I don't care about the British; it is just the book.

MAJOR BOETTIGER: We haven't told anybody that Secretary Morgenthau initiated this discussion of the inacceptability of our policy in Germany, do you see? And I don't think it would be a good idea for them to know it.

H.M.JR: Those are the kindest words that have been said to me since I have been in Washington. I am serious.

Look - "Handbook and directive brought over by Brigadier Foster, greatly improved, but not yet satisfactory" - do you mind if I call up McCloy direct?

MAJOR BOETTIGER: Not at all, no.

.....H.M.JR: After all, my action was through the Commander in Chief. All I can do is bring it to his attention.

MR. PEHLE: What if the President wanted to see the handbook? Does he have to have the Brigadier, too?

MAJOR BOETTIGER: Not at all. Did I suggest that?

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

September 6, 1944
4:25 p.m.

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HMJr: (Aside: Just a minute.)

John
McCloy: Yes.

HMJr: Your very able representative is here.

M: Right.

HMJr: Now, I take it that you are doing me the courtesy of asking me to pass on this proposed cable.

M: That's right.

HMJr: Now, before I can do it

M: Yeah.

HMJr: I'd like to have a look at this handbook.

M: Well, you've got -- well, John can tell you what the handbook -- the only -- the only copy we've got -- and what changes we've agreed to so far as that's concerned.

HMJr: I know. Yeah.

M: He'll be very glad to show it to you.

HMJr: Well, as I say, I've got nothing to do that approaches this in importance.

M: Yeah.

HMJr: And I don't know where it is.

M: Yeah. I don't even know where it is.

HMJr: Well, I mean, if it's -- if it can't be brought here, I'll come to Mr. Stimson's office

M: Yes.

HMJr: with my gang.

M: The

HMJr: I'll -- I'll meet the book half way.

M: (Laughs) I don't know -- ask John where it is. I don't know where it is. Where is it?

HMJr: (Aside: Where is it?) Brigadier Foster has it with the British Chiefs of Staff.

M: And that's the only copy that's extant.

HMJr: The only copy in the U.S.A.

M: Huh! Well, we'll get -- we'll get hold of it and -- and make it available.

HMJr: All right.

M: Now, whether that's at your desk or some place else, I don't know, but I think it will probably be at your desk.

HMJr: All right.

M: What we're trying to do is to -- is to meet Eisenhower's needs. He let out a great cry of pain.

HMJr: Well, look, I -- I'm available any time, any hour tonight.

M: Yeah.

HMJr: I can't do any more than that.

M: No. No.

HMJr: With the exception of from five to five-thirty when I hope to go to the osteopath.

M: (Laughs)

HMJr: Then I'd like time out.

M: Your bones aren't breaking up, are they?

HMJr: The head is.

M: Well, I'll get a hold of Foster and get a copy of the thing.

HMJr: Yeah.

M: And then we can sit down at the desk with the cable and with that and we can show you just what we -- we propose to do.

HMJr: And I think with a little assistance here, I think we might, maybe, stiffen that thing up a little.

M: The -- as I understand it -- as John tells me, that they -- they came over with a new draft.

HMJr: Yeah.

M: And we've been going over that new draft. The new draft still is not satisfactory.

HMJr: Yeah.

M: But what Eisenhower asks for is to let him put out the draft that John Foster brought over here with that thing in the fly leaf.

HMJr: I know.

M: And the question that we've really got up now -- in order to meet Eisenhower's convenience is the only thing that I'm trying to do -- we always try to lean over backwards to do what he -- is convenient to him -- trying to see whether it isn't feasible to take that last draft which -- which Foster brought over here, even though it may not be adequate

HMJr: Yes.

M: and stick that fly leaf in it and let him go on that, and then at our leisure give him a -- a complete rewrite.

HMJr: Yes. Well, now, the thing is entirely up to you.

M: Yeah.

HMJr: And I'm just -- if you people want me to pass on it, then with the people who have been working on it whom you know and have confidence in....

M: Yes.

HMJr: I would like to see the handbook and have a chance to go over this fly leaf.

M: Yeah.

HMJr: I'm available any hour tonight so I won't hold you up one bit.

M: Well, I'll get -- I'll try to snaggle out of Foster's hand this precious copy of his.

HMJr: Right. And then you let me know

M: I'll let you know.

HMJr: when and where.

M: Right.

HMJr: And if you want to get it out still tonight, I am available.

M: Right. Well, I don't know that there's any such rush as that.

HMJr: Well, I -- I'm available

M: Yeah.

HMJr: any time tonight or tomorrow.

M: Right. Thanks very much.

HMJr: Okay.

M: Say, how did the meeting go this morning?

HMJr: Very badly.

M: (Laughs)

HMJr: Couldn't have gone worse.

M: Really?

HMJr: Yeah.

M: Well, what's the upshot of it all?

HMJr: Well, that I don't know. And I just haven't had time to orient my thinking.

M: Yeah.

HMJr: But have you seen Stimson?

M: Well, I saw him. He -- he seemed -- I said, "How did it go?" He said, "Well, it seemed to be going all right but I don't know what the next step is."

HMJr: Yeah.

M: And he said, "I spoke my piece and everybody spoke their pieces but," he said, "there was nothing left definite after we got through."

HMJr: No.

M: Is that what is your impression?

HMJr: Yeah. It's just -- everything is up in the air.

M: Yeah.

HMJr: No, I'm -- I'm very unhappy about it.

M: Uh huh. Well, let's get the -- I'll get the handbook out of the way.

HMJr: All right.

M: That -- that's one thing, because they're yelling for that. The next thing is this post-surrender document.

HMJr: Well, I asked Pa Watson if I could see the President the first thing tomorrow for five minutes on this exchange rate.

M: Oh, good.

HMJr: And

M: Well, you didn't -- you didn't -- I hear -- White tells me you -- he stepped out for 12-1/2~~h~~.

HMJr: Yeah.

M: Uh huh.

HMJr: It was useless bringing it up there this morning. I mean, we were in there for a little while

M: Yeah.

HMJr: and then at the end -- the last ten minutes, Pa Watson was pacing up and down.

M: I know.

HMJr: That was his job

M: Yeah.

HMJr: to do that, and there was no use. As a matter of fact they opened the door and let the Governor of Texas in and -- and I didn't think he'd be interested.

M: Don't think he'd be particularly helpful, huh?

HMJr: So I just had no chance, but I have asked for the very first appointment tomorrow morning.

M: Good, because we're getting deeper and deeper in there, you know.

HMJr: Well, I -- I can't move any faster.

M: Okay.

HMJr: And

M: Okay.

HMJr: than that.

M: Right.

HMJr: Wait a minute.

M: Yeah.

HMJr: (Talks aside.) Boettiger wants to talk to you.

M: Okay.

John Boettiger: Hello.

M: John.

B: I wondered whether you wanted me to dig up this

M: Well, if you could, it would be helpful.

B: I thought I'd take it off your hands.

M: That'll be fine.

B: I can work through Colonel Chandler and get him to ask Hawkins for it.

M: That would be fine. Dig it up this afternoon if you can.

B: Yeah, I'm over here -- how long can I use your car?

M: You can have it until -- uh -- let's see -- until half past five anyway. I've got a meeting at six o'clock.

B: Well, it will be back there by that time.

M: Is that all right with you?

B: Yes, sir.

M: Okay. But try to get that thing cleared up. Make it clear -- I think the Secretary understands that what we do not want to do now is review the whole handbook, but just see if this little device won't cover over this period.

B: Yes, sir.

M: Right.

B: Be done.

M: Okay.
B: Right.
M: Fine.

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MAJOR BOETTIGER: Well, now, if you can give me some place where I can get on the phone, I will see if I can arrange to pick up the handbook. It will be at the Public Health Building right over here, and I can save time that way and bring it over.

MR. PEHLE: Use my office.

H.M.JR: Then will you let me know between now and quarter of five?

MAJOR BOETTIGER: Yes, sir. I will let you know as soon as I can make two calls.

(Major Boettiger and Mr. Pehle leave the conference temporarily)

H.M.JR: If Boettiger is going to bring it back here, I will come back here, but I think you people might start studying it.

MR. WHITE: If it comes. Do you have a copy of that flyleaf?

H.M.JR: When I am through the doctor's I will call up and see what has been done. Will you (Mr. White) handle Boettiger and tell him I will call up at five-thirty? What I would like to do--

MR. WHITE: If we could get that document tonight, the first thing we will do is make copies of it. It will take about an hour.

(The Secretary holds a telephone conversation with Mr. Harry Hopkins, as follows:)

September 6, 1944
4:40 p.m.

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HMJr: Hello.

Operator: Go ahead.

HMJr: Hello.

Harry Hopkins: Hello, Henry.

HMJr: Hello, Harry. I dropped by after that meeting this morning.

H: Yeah.

HMJr: I don't know whether your secretary told you.

H: Yes, she did.

HMJr: Now, I'd like to have another talk with you to see where we go from here.

H: Well, now, what are your plans for the rest of this afternoon?

HMJr: Well, I'm going at five o'clock to the osteopath for half an hour.

H: Yeah. How far -- is that up on your way home?

HMJr: No. I would

H: Well, I'm

HMJr: What's in your mind?

H: Well, I was

HMJr: I'd rather start tomorrow morning because Boettiger is in the office here with something from the War Department on this handbook.

H: Yeah. Well, why don't

HMJr: And I think we'll have to do

H: Why don't I come over tomorrow morning?

HMJr: That would be fine.

- 2 -

H: Is that all right with you?

HMJr: Swell. You set the time.

H: Well, I'll do it any time you say.

HMJr: Well, I've asked

H: Half past nine?

HMJr: Half past

H: Or I'd -- I'll come later. I'm tied up around noon.

HMJr: Ten o'clock would be perfect.

H: Ten o'clock, I'll be there. I thought it was a little discouraging.

HMJr: Terrible.

H: But I'm not -- I think that can be pulled out of the fire, if Hull stays put all right.

HMJr: I think he will, but I'd love to sit down when I'm fresh, which I'm not now.

H: All right. Tomorrow morning, Henry.

HMJr: Is ten o'clock

H: Yeah. I'll be there.

HMJr: I thank you.

H: Bye.

HMJr: Bye.

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H.M.JR: (Over White House line to Miss Barrows)

Hello. What is the chance about that?

Yes.

Right. Thank you.

(End of conversation)

(Major Boettiger re-enters the conference)

MAJOR BOETTIGER: The Brigadier has just left and the British staff is trying to locate him and they hope to locate him within the next ten minutes and they are going to call me back.

Now, if I might make a couple of general observations for you, the book was revised without our instructions having been received. They obtained from some source - I mean, without any instructions from the Combined Chiefs of Staff, as you know - so that the corrections which they have made do not reflect the changes which might have been made if they had had our detailed instructions.

Since then we have received instructions, and it is still their feeling, apparently, that they have to get the handbook in the hands of the soldiers.

Now, I wanted to give you that so you wouldn't feel that this was the War Department's revision. It isn't at all.

H.M.JR: Do you have the other handbook, or does the President have the only copy? The one that I gave you?

MAJOR BOETTIGER: That is in the War Department.

H.M.JR: That went from the President to the War Department?

MAJOR BOETTIGER: Yes, sir.

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H.M.JR: Then if we wanted to compare the two, could we have that, too?

MAJOR BOETTIGER: Yes, sir. That is in McCloy's office. I saw it when I left there.

H.M.JR: Is that the only one in the U.S.?

MR. WHITE: Two. General Hilldring has one from General Holmes. And you gave the other to the President.

H.M.JR: Now, if you will excuse me--

MAJOR BOETTIGER: I can wait in Mr. Pehle's office. I will just let you know as soon as I hear. The other suggestion that I had was that if any statement is sent to Eisenhower, it will be included in the flyleaf of the guide or the handbook. It ought to be something that he reasonably could put inside of it.

Now, we could write a book on the subject and have him put that in the flyleaf, but it would not be appropriate for him to circulate to the soldiers.

H.M.JR: That is all right. But as long as the Army has done me the honor of asking me this, I would like to have time with my associates to see if it is what we here think is best in the interests of world peace.

MAJOR BOETTIGER: Yes, sir. We spent all day yesterday on this book. It is a huge thing. It is bigger than it was when you saw it. I don't know what you have in mind doing with it. It would take many hours to analyze the changes that have been made, as well as the things that are still wrong with it that haven't been changed.

H.M.JR: When is Mr. McCloy thinking of getting an answer to General Eisenhower? What is the deadline?

MAJOR BOETTIGER: The State Department has to clear this cable, also. We brought it to you first, then it has to be cleared by the British because it is a combined

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matter, and of course no directive could be issued without their concurrence.

Our only aim is to give General Eisenhower something so that he can act.

H.M.JR: We won't hold you up.

MAJOR BOETTIGER: I will withdraw to Mr. Pehle's office, and as soon as I get a call I will call back here.

H.M.JR: I won't be here, but I will call up Pehle at five-thirty to find out what the answer is. If you could get it in the meantime, these boys are ready to go to work on it.

TOP SECRET

146

DRAFT OF CABLE

Prepared by: Deputy Director, CAD

Extension: 2945

Classification: Top Secret - "IVI" - Urgent

Precedence: Priority

Addressee: SCAEF

Attention:

Reference: SCAF 73 (CM-IN-4257 - 5 Sep 44) AND SCAF 68.

Date: 6 Sep 44

Subject: Revision of SCAEF'S German Civil Affairs Handbook

Distribution desired:

Contents of this cable discussed with:

By Person
 By Telephone

Concurrence has been obtained from:

Handbook and Directive brought over by Brigadier Foster greatly improved, but not yet satisfactory. They should be rewritten to give effect to the principles herein-after stated. If at all feasible, there should be no distribution until such revision has been made. However, if immediate distribution is absolutely essential you are authorized to issue handbook in latest form for minimum essential distribution with a covering page attached as the fly-leaf to each copy of the handbook, stating that the following principles supersede all portions of the handbook which are inconsistent therewith:

"1. No steps looking toward economic rehabilitation of Germany are to be undertaken except as may be immediately necessary in support of military operations.

"2. No relief supplies are to be imported or distributed beyond the minimum necessary to prevent disease and such disorder as might endanger or impede military operations.

"3. Nazi officials will be removed from office and Nazi organizations will be abolished without regard to considerations of administrative or other expediencies."

Similar measures should be taken, ^{in connection with} ~~in connection with~~ the issuance of the Directive, to ~~indicate to commanders~~ indicate to commanders that the same principles stated above are applicable to it.

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The Handbook and Directive should be further revised to embody the above principles without delay. The distribution should be conducted in such a way as to permit the withdrawal of all copies of the present drafts and the substitution of the corrected and approved Handbook and Directive as soon as they can be made available.

With reference to SCAF 68, it is intended that the above text will dispose of the issues therein.

Memo for Record: In SCAF 73 of 5 Sep 44, SCAEF stated his belief that the revised handbook brought over by Brigadier Foster would be satisfactory, that issuance of a handbook at the very earliest opportunity was of the utmost importance and requested approval of the issuance of the handbook, either as drafted in the form brought over by Brigadier Foster or with a covering note stating that the provisions relating to general economics and rehabilitation should not be applied. This proposed cable represents CAD's views of the proper reply under the circumstances.

SCAF 73 also pointed out that there has been no reply to SCAF 68.

TOP SECRET

Regaded Unclassified

Substitute for para "3." in cable:

"3. Under no circumstances shall active Nazis or ardent sympathizers be retained in office, nor shall any Nazi organizations be permitted to continue in existence, ^{even at the expense} for purposes of administrative convenience or expediency."

(As handed to me
by Major B)

110/2

Some Excerpts from Revised Handbook and Directive

Prevent activities of all party organizations except those which may be required to continue to function for administrative convenience.

Military Government in Germany will have to deal with Public Welfare programs and organizations which have a long historical development, employ a large number of persons, expend a substantial portion of the National Budget, are considered by the Germans to be extremely important and touch intimately the lives of almost every German. Because of their importance, it is imperative that they be rigidly controlled and utilized to facilitate the orderly functioning of Military Government by preventing a general breakdown of civil life, maintaining the working capacity of the civil population, caring for those elements of the population unable to care for themselves and restoring reasonable conditions of life for the civilian population.

The primary responsibility for apprehending and surrendering such persons (Nazi leaders and war criminals) will rest with the German authorities.

With regard to the rest of the bar, the standard to be generally applied should be one of professional integrity. Attorneys in Germany have traditionally been free to hold their own political beliefs and this freedom should be respected, provided that adherence to Nazi ideology has not led to a lowering of professional standard.

Fire arms, ammunition, explosives and radio transmitting equipment in the possession of civilians will be impounded by the (German) police.

As to other officials, the general rule should be that no holder of office in the Nazi party organization should be continued in a governmental position unless there are compelling reasons for his retention.

In general, the entire Nazi leadership will be removed from all posts of authority and no permanent member of the German General Staff or of the Nazi Hierarchy should occupy any important government or civil position. Even the lesser Nazi officials will not as a rule be employed, but Army Group Commanders may make exceptions on the grounds of expediency or administrative necessity.

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You will re-establish existing forestry control agencies and direct them to proceed with needed timber cutting operations so as to obtain maximum results.

It is the policy of the Supreme Commander to provide for the restoration and control of transport facilities and services in GERMANY including railways, road transport, inland waterways as well as Ports and merchant shipping in order to attain all military objectives and to meet such essential civilian transportation requirements as the military situation will permit.

All special relief, pensions, and privileges, other than regular military pensions, granted to members of Nazi military or para-military organizations shall be terminated, and such members shall be entitled only to those benefits granted to all German nationals.

As soon as possible after occupation, the German authorities will be directed to check consumers through re-registration, or by calling in outstanding ration cards for re-stamping or replacement.

The para-Military organizations listed below (SA, SS, etc., etc.) *** will in due course be dissolved. *** No further recruiting is permitted.

PROPOSED TEXT OF FLYLEAF

1. It shall be one of the important objectives of military government to remove immediately from all government office and leading positions in industry, banking, education, judiciary and other public services members of the Nazi party and active supporters of Naziism. These shall be removed forthwith without regard to administrative or other expediency.

2. Another important objective is the immediate apprehension and detention of (a) all officials of the Nazi party down to secretaries of local party units, (b) all members of the Gestapo and other security organizations, (c) S.S. (including the Waffens SS.), (d) all high officials of the police, the S.A., (e) all high government officials and leading public figures identified with Naziism.

3. Military administration shall be directed toward the promotion of the decentralization of the political structure of Germany. All dealings in so far as possible should be with municipal and provincial government officials rather than with Federal government officials.

4. No steps looking toward economic rehabilitation of Germany are to be undertaken except as may be immediately necessary in support of military operations. The Allied Military Government shall not assume responsibility for such economic problems as price controls, rationing, unemployment, production, reconstruction, distribution, consumption, housing, or transportation, or take any measures designed to maintain or strengthen the German economy, except those which are essential to military operations. The responsibility for sustaining the German economy and people rests with the German people with such facilities as may be available under the circumstances.

5. No relief supplies are to be imported or distributed beyond the minimum necessary to prevent disease and such disorder as might endanger or impede military operations.

6. Allied forces shall not be concerned with restoring any physical destruction caused during hostilities, except as absolutely essential to military operations.

7. It is vital that every violation by the Germans of orders of the Allied Military authorities, however slight, be punished immediately and with severity. Any tendency toward leniency will be misinterpreted by the Germans as a sign of weakness.

September 6, 1944

My dear Cordell:

I was delighted at the attitude which you expressed yesterday in regard to the treatment of the German people.

We here in the Treasury have prepared a much more detailed memorandum, and I feel that it might serve a useful purpose if the President were given a copy of it. I am also enclosing a copy for yourself.

With best regards,

Sincerely yours,

(Signed) Henry

Honorable Cordell Hull,
Secretary of State,
Washington, D.C.

Sent by Ed

September 6, 1944

My dear Harry:

I am enclosing herewith a copy of a memorandum which I sent to the Secretary of State who will, in turn, forward it to the President.

Thank you for sending me a copy of your memorandum. In reading it over, I would like to draw your attention to the fact that I do not remember anybody suggesting closing down the Saar.

Yours sincerely,

(Signed) Henry

Honorable Henry L. Stimson,
Secretary of War,
Washington, D.C.

Sent by SS

September 6, 1944

My dear Harry:

I am enclosing herewith a copy of a memorandum which I sent to the Secretary of State who will, in turn, forward it to the President.

Yours sincerely,

(Signed) Henry

Honorable Harry Hopkins,
The White House,
Washington, D.C.

Sent by SH

Treasury *as sent to Secy. 5/3/48*
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Suggested Post-Surrender Program for Germany

1. Demilitarization of Germany.

It should be the aim of the Allied Forces to accomplish the complete demilitarization of Germany in the shortest possible period of time after surrender. This means completely disarming the German Army and people (including the removal or destruction of all war material), the total destruction of the whole German armament industry, and the removal or destruction of other key industries which are basic to military strength.

2. Partitioning of Germany.

(a) Poland should get that part of East Prussia which doesn't go to the U.S.S.R. and the southern portion of Silesia as indicated on the attached map, (Appendix A).

(b) France should get the Saar and the adjacent territories bounded by the Rhine and the Moselle Rivers.

(c) As indicated in part 3 an International Zone should be created containing the Ruhr and the surrounding industrial areas.

(d) The remaining portion of Germany should be divided into two autonomous, independent states, (1) a South German state comprising Bavaria, Wuerttemberg, Baden and some smaller areas and (2) a North German state comprising a large part of the old state of Prussia, Saxony, Thuringia and several smaller states.

There shall be a custom union between the new South German state and Austria, which will be restored to her pre-1938 political borders.

3. The Ruhr Area. (The Ruhr, surrounding industrial areas, as shown on the attached map, including the Rhineland, the Keil Canal, and all German territory,) north of the Kiel Canal.

Here lies the heart of German industrial power, the caldron of wars. This area should not only be stripped of all presently existing industries but so weakened and controlled that it can not in the foreseeable future become an industrial area. The following steps will accomplish this:

(a) Within a short period, if possible not longer than 6 months after the cessation of hostilities, all industrial plants and equipment not destroyed by military action shall either be completely dismantled and removed from the area or completely destroyed. All equipment shall be removed from the mines and the mines shall be thoroughly wrecked.

It is anticipated that the stripping of this area would be accomplished in three stages:

(1) The military forces immediately upon entry into the area shall destroy all plants and equipment which cannot be removed.

(ii) Removal of plants and equipment by members of the United Nations as restitution and reparation (Paragraph 4).

(iii) All plants and equipment not removed within a stated period of time, say 6 months, will be completely destroyed or reduced to scrap and allocated to the United Nations.

(b) All people within the area should be made to understand that this area will not again be allowed to become an industrial area. Accordingly, all people and their families within the area having special skills or technical training should be encouraged to migrate permanently from the area and should be as widely dispersed as possible.

(c) The area should be made an international zone to be governed by an international security organization to be established by the United Nations. In governing the area the international organization should be guided by policies designed to further the above stated objectives.

4. Restitution and Reparation.

Reparations, in the form of recurrent payments and deliveries, should not be demanded. Restitution and reparation shall be effected by the transfer of existing German resources and territories, e.g.,

(a) by restitution of property looted by the Germans in territories occupied by them;

(b) by transfer of German territory and German private rights in industrial property situated in such territory to invaded countries and the international organization under the program of partition;

(c) by the removal and distribution among devastated countries of industrial plants and equipment situated within the International Zone and the North and South German states delimited in the section on partition;

(d) by forced German labor outside Germany; and

(e) by confiscation of all German assets of any character whatsoever outside of Germany.

5. Education and Propaganda.

(a) All schools and universities will be closed until an Allied Commission of Education has formulated an effective reorganization program. It is contemplated that it may require a considerable period of time before any institutions of higher education are reopened. Meanwhile the education of German students in foreign universities will not be prohibited. Elementary schools will be reopened as quickly as appropriate teachers and textbooks are available.

(b) All German radio stations and newspapers, magazines, weeklies, etc. shall be discontinued until adequate controls are established and an appropriate program formulated.

6. Political Decentralization.

The military administration in Germany in the initial period should be carried out with a view toward the eventual partitioning of Germany into three states. To facilitate partitioning and to assure its permanence the military authorities should be guided by the following principles:

(a) Dismiss all policy-making officials of the Reich government and deal primarily with local governments.

(b) Encourage the reestablishment of state governments in each of the states (Lander) corresponding to 18 states into which Germany is presently divided and in addition make the Prussian provinces separate states.

(c) Upon the partition of Germany, the various state governments should be encouraged to organize a federal government for each of the newly partitioned areas. Such new governments should be in the form of a confederation of states, with emphasis on states' rights and a large degree of local autonomy.

7. Responsibility of Military for Local German Economy.

The sole purpose of the military in control of the German economy shall be to facilitate military operations and military occupation. The Allied Military Government shall not assume responsibility for such economic problems as price controls, rationing, unemployment, production, reconstruction, distribution, consumption, housing, or transportation, or take any measures designed to maintain or strengthen operations. The responsibility for sustaining the German economy and people rests with the German people with such facilities as may be available under the circumstances.

8. Controls over Development of German Economy.

During a period of at least twenty years after surrender adequate controls, including controls over foreign trade and tight restrictions on capital imports, shall be maintained by the United Nations designed to prevent in the newly-established states the establishment or expansion of key industries basic to the German military potential and to control other key industries.

9. Punishment of War Crimes and Treatment of Special Groups.

There is attached (Appendix B) a program for the punishment of certain war crimes and for the treatment of Nazi organizations and other special groups.

10. Wearing of Insignia and Uniforms.

(a) No person in German (except members of the United Nations and neutral countries) shall be permitted to wear any military insignia of rank or branch of service, service ribbons or military medals.

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(b) No such person shall be permitted to wear, after 6 months from the cessation of hostilities any military uniform or any uniform of any quasi military organizations.

11. Prohibition on Parades,

No military parades shall be permitted anywhere in German and all military bands shall be disbanded.

12. Aircraft

All aircraft (including gliders), whether military or commercial, will be confiscated for later disposition. No German shall be permitted to operate or to help operate such aircraft, including those owned by foreign interests.

13. United States Responsibility.

(a) The responsibility for the execution of the post-surrender program for Germany set forth in this memorandum is the joint responsibility of the United Nations. The execution of the joint policy agreed upon should therefore eventually be entrusted to the international body which emerges from United Nations discussions.

Consideration of the specific measures to be taken in carrying out the joint program suggests the desirability of separating the task to be performed during the initial period of military occupation from those which will require a much longer period of execution. While the U.S., U.K. and U.S.S.R. will, for practical reasons, play the major role (of course aided by the military forces of other United Nations) in demilitarizing Germany (point 1) the detailed execution of other parts of the program can best be handled by Germany's continental neighbors.

(b) When Germany has been completely demilitarized there would be the following distribution of duties in carrying out the German programs:

(i) The U.S. would have military and civilian representation on whatever international commission or commissions may be established for the execution of the whole German program and such representatives should have adequate U.S. staffs.

(ii) The primary responsibility for the policing of Germany and for civil administration in Germany would be assumed by the military forces of Germany's continental neighbors. Specifically, these should include Russian, French, Polish, Czech, Greek, Yugoslav, Norwegian, Dutch and Belgian soldiers.

(c) Under this program United States troops could be withdrawn within a relatively short time. Actual withdrawal of United States troops should not precede agreement with the U.S.S.R. and the U.K. on the principles set forth in this memorandum.

- 5 -

14. Appointment of an American High Commissioner

An American High Commissioner for Germany should be appointed as soon as possible, so that he can sit in on the development of the American views on this problem.

9-5-44

Punishment of Certain War Crimes and Treatment of Special Groups.A. Punishment of Certain War Criminals.(1) Arch-criminals.

A list of the arch-criminals of this war whose obvious guilt has generally been recognized by the United Nations shall be drawn up as soon as possible and transmitted to the appropriate military authorities. The military authorities shall be instructed with respect to all persons who are on such list as follows:

(a) They shall be apprehended as soon as possible and identified as soon as possible after apprehension; the identification to be approved by an officer of the General rank.

(b) When such identification has been made the person identified shall be put to death forthwith by firing squads made up of soldiers of the United Nations.

(2) Certain Other War Criminals.

(a) Military commissions shall be established by the Allied Military Government for the trial of certain crimes which have been committed against civilization during this war. As soon as practicable, representatives of the liberated countries of Europe shall be included on such commissions. These crimes shall include those crimes covered by the following section and such other crimes as such military commissions may be ordered to try from time to time.

(b) Any person who is suspected of being responsible for (through the issuance of orders or otherwise), or having participated in, causing the death of any human being in the following situations shall be arrested and tried promptly by such military commissions, unless prior to trial one of the United Nations has requested that such person be placed in its custody for trial on similar charges for acts committed within its territory:

(i) The death was caused by action in violation of the rules of war.

(ii) The victim was killed as a hostage in reprisal for the deeds of other persons.

(iii) The victim met death because of his nationality, race, color, creed, or political conviction.

(c) Any person who is convicted by the military commissions of the crimes specified in paragraph (b) shall be sentenced to death, unless the military commissions, in exceptional cases, determine that there are extenuating circumstances, in which

- 2 -

case other punishment may be meted out, including deportation to a penal colony outside of Germany. Upon conviction, the sentence shall be carried out immediately.

B. Detention of Certain Groups.

(1) All members of the following groups should be detained until the extent of the guilt of each individual is determined:

- (a) The S.S.
- (b) The Gestapo.
- (c) All high officials of the police, S.A. and other security organizations.
- (d) All high Government and Nazi Party officials.
- (e) All leading public figures closely identified with Nazism.

C. Registration of Certain Groups.

(1) A Proclamation shall be issued as soon as possible requiring the following persons to register before designated officials of the Allied Military Governments:

(a) All members of the Nazi Party, the Gestapo, S.S., S.A., and Kraft Korps.

(b) Officials, and anyone occupying a position for which remuneration is received, in the Labor Front, Strength-through-Joy, Hitler Youth, and Todt.

(2) The registration shall be on a form and in a manner to be prescribed by the military authorities.

(3) Failure to register or the making of a false registration shall be made an offense triable by military commissions under the Allied Military Government, and heavy penalties shall be prescribed, including death.

D. Labor Battalions.

Apart from the question of established guilt for special crimes, mere membership in the S.S., the Gestapo and similar groups will constitute the basis for inclusion into compulsory labor battalion to serve outside Germany for reconstruction purposes.

E. Dissolution of Nazi Organizations.

The Nazi Party and all affiliated organizations such as the Labor Front, The Hitler Youth, The Strength-through-Joy, etc., should be dissolved and their properties and records confiscated. Every possible effort should be made to prevent any attempts to reconstitute them in underground or disguised form.

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F. Prohibition on Exercise of Certain Privileges.

All members of the following groups should be dismissed from public office, disenfranchised and disqualified to hold any public office or to engage in journalism, teaching, and legal professions, or, in any managerial capacity in banking, manufacturing or trade:

(1) The Nazi Party.

(2) Nazi sympathizers who by their words or deeds materially aided or abetted the Nazi program.

(3) The Junkers.

(4) Military and Naval officers.

G. Junker Estates.

All Junker estates should be broken up and divided among the peasants and the system of primogeniture and entail should be abolished.

H. Prohibition on Emigration.

(1) A Proclamation shall be issued prohibiting any person resident in Germany from leaving or attempting to leave Germany, except with permission from the Allied Military Government.

(2) Violation of this Proclamation shall be an offense triable by military commissions of the Allied Military Government and heavy penalties shall be prescribed, including death.

(3) All possible steps shall be taken by the military authorities to prevent any such person from leaving (without permission).



- LEGEND
- German boundary of 1938
 - Other boundaries of 1938
 - Proposed North German State
 - Proposed South German State
 - Proposed International Zone
 - Proposed territory to France
 - Proposed territory to Denmark
 - Proposed territory to Poland
 - Territory to Russia (tentative)

Scale 1:4 500 000; one inch to 69 miles.
Catic Projection

From Goode's School Atlas, pages 123-124

*gave copy of this to
Bob Harnegan*

Sept. 6, 1944

Secretary Morgenthau
Ted R. Gamble

As you know, in the past six months I have met face to face with literally thousands of our key workers in all sections of the country. We have had the services of upwards of 5 million people in each of our past War Loan drives, and state and community leadership of this army of volunteers certainly represents the best cross-section of American life that any program has ever attracted. In meetings with these thousands of leaders, industrialists, bankers, educators, businessmen, farmers, labor leaders, workers, both men and women, I have found manifested everywhere a feeling of pride in the accomplishment of our particular program.

While it is true that we have found it psychologically sound to sell all of our people constantly on the wisdom of your wartime tax-financing policies, the fact that we have had so few casualties and have been able to maintain a degree of morale indispensable to the great physical effort that our people must put forth is without question proof of their acceptance of your policies. The point of this is that based on all of our experiences, I am certain that one of the best jobs that could be done for the President is to have topflight speakers following a systematic plan, review, free of political bias, the outstanding programs on the long list of Administration accomplishments. I know you are familiar with many plus items that can be credited to the President and the Administration and will see the value of capitalizing on them.

I should like to point out however, that with respect to many of the wartime programs, such as WPB, OPA, War Foods and other agricultural activities, there are millions of people in this country who have been identified in one way or another with these wartime activities, and a good job of "boxing the compass" on how efficiently and effectively these programs have been carried out under the strain of a total economy put to war will turn a complainer into a praiser. After all, we were reaching into the pocketbooks of everyone in the country. If we hadn't taken two steps every time some of our many critics took one, I'm sure we never would have kept our millions of workers as thoroughly sold as they have been.

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Secondly, and in my mind of equal, if not greater, importance than the above suggestion, is that people in every walk of life from top corporation executive, plant owner, banker, professional man to laborer should be reminded by effective speakers "how well off" they are today. While I think the average working man and, in many instances, the farmers, realize this and will vote accordingly, there are many business and professional people, because of their political upbringing and their reactionary tendencies, who are reluctant to admit to their present lot; that they have fared so well while this nation was fighting and paying in considerable part for the most expensive war in all history, one that has bankrupted most of the peoples and countries of the world. This is a powerful weapon if intelligently used by the Administration.

TRG:rp:hah



TREASURY DEPARTMENT
WASHINGTON 25



September 6, 1944

MEMORANDUM TO THE SECRETARY

I am enclosing a list of the special items valued in excess of \$50,000 as of September 4, 1944.

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

Enclosures

PROPERTY FOR DISPOSALSPECIAL ITEMS, COST TO GOVERNMENT IN EXCESS OF \$50,000AS OF SEPTEMBER 4, 1944

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
I. <u>Automotive Products</u>			
<u>Automotive Parts, new</u>	4 119 636		\$ 5 751 490

Recent declarations of parts in varying quantities in many locations. As distinct from previous declarations these parts are new, small parts; not obsolete and used bodies, tanks, etc, such as we have had before. Clerical and inspection personnel lacking to handle large quantities of paper and material.

Spare parts, automobile, new and used

Majority are used parts, taken from used motors and put in stock. The bulk of the new parts are obsolete, or are parts for discontinued military vehicles. Inspection, boxing, and listing by manufacturers is going forward prior to offering them to manufacturers.

2 000 000

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	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>Tires and Tubes, new and used</u>	80 000		587 000

Previously listed lot of 99,000 have been sold. This listing comes from new declarations. Except for 16,000 miscellaneous tires and tubes, the bulk of these will be sold in the same manner as the previous lot.

<u>Disc Wheels for Gun Carriages</u>	8 800	\$ 28	246 400
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Artillery wheels, with special tires. Wheels worthless; several bids up to \$7.00 each have been received from bidders interested in the tires.

2. Textiles and Wearing Apparel

<u>Slide Fasteners</u>	8 500 000	.19	1 615 000
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Manufacturers will probably re-purchase at cost price. Inventory being taken to determine identity of manufacturers and will be completed this week. Army asked additional week to complete inventory.

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>Magazine Belts</u>	55 369		\$ 130 325

New declaration. Web belt with six magazine pockets. Sample just received. Special selling necessary.

<u>Gloves, Rubber, Anti-gas</u>	742 000	\$ 1 00	742 000
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Gauntlet type. We have been advised unofficially by Army that they are withdrawing this item.

<u>Mosquito Bars, with rods</u>	669 000	5 90	3 947 100
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Rectangular tents of mosquito netting. About 300,000 reported as new turned out to be used and patched. Moderate orders for new "bars" at \$1.50 are being received regularly. 100,000 sold to Sears-Roebuck, in addition to other sales made in small lots. Export deal for used items is being worked on. If successful, this will take care of 50% of the lot.

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>Belt Pocket for Cartridge Clips</u> Web pocket with fastener. Radio advertiser is taking quantities under option as requests from program develop. Price received \$0.06.	1 000 000	\$ 0.10	\$ 100 000
<u>Leggings</u> World War I stock, good only for salvage. Now being authorized for sale by Regions.	213 280 Pr.		109 833
<u>Hats, Army Service</u> The old-style, broad-brimmed campaign hat. Of original amount of 91,000, half have been sold. Negotiations in process for balance	45 928	3 00	137 784
<u>W.A.C. Caps</u> Contacts have been made with uniform houses. An item difficult to sell. Army has frozen all clothing.	76 712	2 20	168 766

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>Aprons, impermeable</u>	16 880	\$ 5 00	\$ 82 712

New declaration - no details available.

3. Machinery

<u>Construction Machinery, heavy</u>	4 809	\$1000 (Av.)	4 809 000
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All in inventory; all used. The general condition of the equipment is poor. Sales are being made regularly but inventory mounts.

<u>Ice Grousers, New</u>	76 726 Pcs	2 70	207 160
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Ice gripping shoes to be attached to special rubber tired treads of high speed military tractors. Each weighs 6 lbs. A tractor needs 296 pieces. There is no known application on standard machines; no market, except for scrap.

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>Shoes for Tractor Treads</u>	43 853	\$ 3 00	\$ 131 559

New "grousers" (shoes to be bolted^{P1} to the flat tracks of crawler type tractors to give traction). These are standard replacement parts - enough for 700 tractors. Manufacturer has made inspection and has offer in the mails.

4. Furniture

<u>Mattresses, new and used</u>	729 705	5 50	4 359 877
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175,723 new; 866,982 used.
Used mattresses are sold only to salvage the materials.
250,000 used mattresses sold.

<u>Pillows, new and used</u>	726 030	\$ 0.73	530 000
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Some cotton, some feather, some mixed. 105,710 new, 620,320 used.

<u>Bed Parts</u>			65 000
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Springs, heads, feet, and side rails; unassembled. Negotiating with d mfrs. regarding repurchase.

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
5. <u>Hardware</u>			
<u>Scabbards, bolo</u>	114 290	\$ 1 60	\$ 190 864
<p>Obsolete item. No quantity of bolos available - a short, curved, heavy blade-knife. Press release has gone out suggesting uses by public.</p>			
<u>Imprinting Machines, New</u>	52 636	21 95	1 052 720
<p>An Addressograph-plate press, portable, designed for Army identification purposes. Manufacturer's representative asked another 10 days to determine possible uses. Also requested that we stop negotiating with oil companies. Addressograph wants to make the sale as additional quantities of machines will be needed, a supply of plates obtained, and service contract arranged.</p>			
<u>Markers, mine field</u>	11 378 sets	6 85	77 937
<p>Web fabric carrying case containing 30 metal pins (18 inch) with 4" x 4" metal flag marked "Danger". Pocket contains 2 rolls of narrow, yellow tape. (Continued on next sheet)</p>			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
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Markers, mine field (Cont'd)

Bureau of Mines is examining kits to determine possible use. We are also contacting state highway commissions.

<u>Rafts, pneumatic, 5 man</u>	2 000	\$ 200	\$ 400 000
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As of August 31 Fort Worth had sold 93 out of 176 on hand, and reports response is good. San Francisco reports 35 units sold. Chicago reports that sales have been hurt by offerings of similar rafts for \$69.50 retail (with 3 pieces of equipment) by a large department store - these are supposed to be "rejects" sold by Goodyear. This Division will hold to established price of \$84.50 (to wholesalers) and \$99.50 (to retailers)

<u>Snowshoes, emergency</u>	22 837 Pr.	4 25	96 915
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Paratroopers' special type, of no value for sport purposes. We have offer for 1,000 pr. at \$1.00 each. Sears Roebuck offer for lot at 50¢ a pair was turned down.

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>Snowshoes, used</u>			
Serviceable, trail and bear paw type snowshoes. Inspection report awaited.	11 745	\$ 9 00	\$ 105 654
<u>Covers and seals, rubber</u>			
Includes 3/4 ton seals, which are round rubber washers about 1" in diameter. There are 27 tons of new "covers" which are 2" lengths of black rubber hose - thin wall, about 1" in diameter.	27-3/4 Tons		169 245
<u>Hose, rubber, used, 25 Ft.</u>			
27,840 lengths hose, 2" and 2½" inside diameter, plus 312,000 short lengths ranging from 2" long to 4 feet - mostly pieces a few inches long. We are contacting Rubber Manufacturers Association members for possible outlet.	27 840 plus short lengths		984 893

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>Lanterns, oil-burning, deck</u>	34 460	\$ 3 00	\$ 107 316

Tax supported agencies not interested. We are working with N. Y. region in regard to disposal through regular trade channels. These are not regular style kerosene lanterns.

<u>Smoke generator parts (vehicular)</u>			277 000
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Small metal parts (valves, fittings). Many are special and new uses will have to be found. A large chain expresses interest in the entire quantity and will examine material tomorrow.

<u>Smoke Generators</u>	.67 600	3 50	236 600
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Obsolete, individual smoke pots with chimneys. Has been on bid with no offer over \$0.11 each. They consume too much oil and make too much smoke for use as smudge pots for agricultural use. Recent deal fell through. National publicity has been released in effort to stir up interest in this "Jonah".

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>Wood Screws, Brass, New</u>	300 Tons 1634 Items		\$ 357 000
<p>Only 4 bids received - none for complete lot. All rejected and screw industry is being circularized again at its own request.</p>			
<u>Bolts, Miscellaneous</u>	8 103 482		2 053 399
<p>All sizes and kinds. We have "frozen" individual items where large quantities of one size or kind, if thrown on market, would disrupt the industry. When tabulations are complete foreign purchasers will be contacted with view of exporting some items. Smaller quantities will be put up for domestic sale.</p>			
<u>Sirens, New</u>	28 638	\$ 6 00 (approx.)	174 569
<p>Hand warning device for combat use. In canvas case with shoulder strap. Have had offer of \$2.00 each - refused because too low.</p>			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>Chinaware</u>	1 557 956	\$0.17 (Av.)	\$ 283 000

Vitrified china with Medical Corps insignia. We are transferring large quantities to the Veteran's Administration. The Army is withdrawing large quantities of dinner plates. A continual flow of new declarations and sales causes the quantity to fluctuate daily.

<u>Incinerators, new</u>	34	\$9 818	333 812
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Designed for human excretia but can be used for burning lower-water content material by remodeling at cost of \$1000 each. News release has brought in several offers which were considered too low.

<u>Spurs, new and used</u>	261 000 Pr.	\$1 40 (Av.)	365 400
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Waiting radio advertisers decision to take balance for novelty "give-away". We feel we have given radio advertisers sufficient time and we are now taking other steps for disposal

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
6. <u>Medical and Hospital Supplies</u>			
<u>Medicines and Antiseptics</u>			\$ 5 800 000
<p>This listing covers many declarations recently declared by Army. It is made up of various preparations of highly technical nature, in great quantities. All are on new declarations. Samples are being obtained. Will be tested to determine quality.</p>			
<u>Surgical and Dental Instruments, Medicines and Supplies</u>			1 846 000
<p>Mostly non-standard, obsolete, or deteriorated. Includes \$52,228 in N. Y. Depot, \$250,000 in Louisville Depot, and \$100,000 dental supplies at Perry Point, Md. Disposal policy for non-standard items is being formulated. Dental supplies at Perry Point have been classified and turned back to the regional office for disposal.</p>			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>Floss, Silk</u>	510 000 spools		\$ 173 400
Samples awaited.			
<u>Boxes, tablet</u>	320 000 cartons	\$ 0.40	128 000
500 boxes in a carton. Believed to be World War I stock. Samples awaited.			
<u>Bandages, muslin</u>	134 584 Dozen		128 034
Samples have not yet arrived.			
<u>Dressings, first aid packages</u>	34 000 000		4 000 000
Samples awaited. About 1,600,000 are known to be a commercial product. Regions have been advised to arrange for withdrawal of all material that may be of Red Cross manufacture.			
<u>Sutures, silk and catgut</u>	11 611 000 tubes		1 960 000
For sewing after surgical operations. All government hospital agencies and the Red Cross have been advised of availability. Time limitation runs out this week.			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>Petri Dishes, with Cover</u>	230 000	\$ 0.27	\$ 62 100
Laboratory dish for making germ cultures. Sample awaited.			
<u>Flask, with cup</u>	200 000	.33	66 000
Laboratory equipment. Samples awaited.			
<u>Text Tubes, Glass</u>	4 670 000	.03	140 100
Samples awaited.			
<u>Sterilizers, new and used</u>	1 381	\$300.(Av.)	495 037
Considered unsafe for medical department use by Army. Negotiations with manufacturer in process.			

7. General Products

<u>Drums, 55 gallon, used</u>	54 000	2 50	135 000
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130,000 declared by Army cannot be located physically. Scattered throughout country. Survey being made on condition of drums.

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>Gasoline cans, 5 and 7½ Gal.</u>	1 600 000	\$ 2 00	\$ 3 200 000

One million are "Jerricans" made after German model with spout that farmers like better than our regular Blitz can. The 7½ gal. square cans are suitable for shipping paint. Circular letter to trade on "Jerricans" going out this week. Sales of about 41,000, at an average price of \$.77, reported for last week.

<u>Cameras, Aircraft</u>	96		307 386
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Each camera has great variety of collateral equipment. Obsolete type. Physical inspection being made. Informal negotiations with Fairchild Camera Co. in process.

<u>Batteries, dry cells and packs</u>			150 000
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Overage for Army use. New declarations come in and sales are reported regularly.

	<u>QUANTITY:</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>Crates, Wood, used</u>	129 540	\$ 1.50	\$ 220 319
Have been used for packing guns. Awaiting inspection and appraisal report.			
<u>Ammunition Boxes, new, metal</u>	103 373	\$ 0.55	56 855
Hinged metal boxes for carrying small arms ammunition into combat. We have prospective purchaser for entire quantity for over-counter sale as utility box.			
<u>Platform trucks, steel, new</u>	13 287	\$ 75	996 525
Steel trucks on casters, designed to move airplane engines undergoing repairs. Bids are in at several regions and sales are being made.			

8. Paper and Office Equipment

None

 Total \$52 852 086

SURPLUS MOTORCYCLE REPORT

For 7 Days and Period Ended, Sept. 2, 1944
(Period Began January 1, 1944)

	<u>7 Days to Sept. 2, 1944</u>		<u>Period to Date</u>
Total Motorcycles Declared		<u>1186</u>	<u>6768</u>
Less Declarations withdrawn	<u>2</u>		<u>3</u>
Less Loans to Other Federal Agencies	<u>0</u>		<u>0</u>
Less Transfers to Other Federal Agencies	<u>0</u>	<u>2</u>	<u>210</u>
Net Motorcycles Declared for Sale		<u>1184</u>	<u>6555</u>
Less Motorcycles Sold		<u>36</u>	<u>3140</u>
Balance of Motorcycles on hand			<u>3415</u>

ANALYSIS OF INVENTORY

Inspected and ready for sale	<u>1414</u>
Not Inspected	<u>2001</u>
	<u>3415</u>

ANALYSIS OF DISPOSAL ACTIVITY

	<u>DECLARATIONS</u>	<u>DISPOSALS</u>	<u>INVENTORY END OF PERIOD</u>	<u>INVENTORY CHANGE</u>
Period Ending July 1st	4518	4102	416	
4 Weeks Ending July 28th	1126	636	906	/ 490
4 Weeks Ending Aug. 26th	1938	577	2267	/ 1361
7 Days Ending Sept. 2nd	1186	38	3415	/ 1148

SURPLUS USED TRUCKS REPORT

For 7 Days and Period Ended Sept. 2, 1944
(Period Began January 1, 1944)

	<u>7 Days to Sept. 2, 1944</u>	<u>Period to Date</u>
Total Used Trucks Declared	<u>3568</u>	<u>27494</u>
Less Declarations withdrawn	<u>6</u>	<u>979</u>
Less Loans to Other Federal Agencies	<u>0</u>	<u>145</u>
Less Transfers to Other Federal Agencies	<u>20</u>	<u>2824</u>
	<u>26</u>	<u>3948</u>
Net Used Trucks Declared for Sale	<u>3542</u>	<u>23546</u>
Less Used Trucks Sold	<u>530</u>	<u>17283</u>
		<u>6263</u>

ANALYSIS OF INVENTORY

Inspected and ready for sale	<u>2147</u>
Not Inspected	<u>4116</u>
	<u>6263</u>

ANALYSIS OF DISPOSAL ACTIVITY

	<u>Declarations</u>	<u>Disposals</u>	<u>Inventory End of Period</u>	<u>Inventory Change</u>
Period Ending July 1st	20311	10300	10011	
4 Weeks Ending July 29th	1738	5308	6441	- 3570
4 Weeks Ending Aug. 26th	1877	5067	3251	- 3190
7 Days Ending Sept. 2nd	3568	556	6263	+ 3012

SURPLUS USED CARS REPORT

For 7 Days and Period Ended September 2, 1944
(Period Began January 1, 1944)

	<u>7 Days to September 2, 1944</u>		<u>Period to Date</u>
Total Used Cars Declared		<u>233</u>	<u>4005</u>
Less Declarations withdrawn	<u>6</u>		<u>104</u>
Less Loans to Other Federal Agencies	<u>0</u>		<u>19</u>
Less Transfers to Other Federal Agencies	<u>2</u>	<u>8</u>	<u>556</u>
			<u>679</u>
Net Used Cars Declared for Sale		<u>225</u>	<u>3326</u>
Less Used Cars Sold		<u>79</u>	<u>2394</u>
Balance of Used Cars on hand			<u>932</u>

ANALYSIS OF INVENTORY

Inspected and ready for sale	<u>437</u>
Not Inspected	<u>495</u>
	<u>932</u>

ANALYSIS OF DISPOSAL ACTIVITY

	<u>DECLARATIONS</u>	<u>DISPOSALS</u>	<u>INVENTORY END OF PERIOD</u>	<u>INVENTORY CHANGE</u>
Period Ending July 1st	2864	2013	851	
4 Weeks Ending July 29th	624	610	865	/ 14
4 Weeks Ending Aug. 26th	284	363	786	- 79
7 Days Ending Sept. 2nd	233	87	932	/ 146

הסתדרות העולמית, אגודת ישראל
Agudas Israel World Organization

THE UNION OF UNIVERSALLY ORGANIZED ORTHODOX JEWRY
 (WORLD-AGUDAH OF ORTHODOX JEWS INC.)

CENTRAL EXECUTIVE: LONDON - BRANCH OFFICES: JERUSALEM AND NEW YORK

OFFICE OF THE PRESIDENT
 226 WEST 97TH STREET
 NEW YORK 25, N. Y.

September 6th, 1944

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

Private and Confidential

Dear Mr. Morgenthau:

I wish to convey to you my sincere thanks for the kind reception you granted today to my friends and to me and for the promise, highly reassuring in our grief, to explore the informations and suggestions submitted.

We had a thorough discussion with Mr. John Pehle concerning several details and we were authorized to encourage our representatives in Switzerland to approach Mr. McClelland with their specific demands for forwarding them to Washington.

However, no time is to be lost - the murdering sword of the doomed and retreating Nazis will prove more dangerous for the surviving remnant than the hate of the victorious huns.

Therefore, we appeal to your deeply felt consciousness of personal responsibility in this moment, in which an abundant seed of human life can be perpetuated by American financial power.

I remain,

Respectfully yours,

Jacob Rosenheim
 JACOB ROSENHEIM

JR:IB

MEMORANDUM TO THE HONORABLE HENRY MORGENTHAU, JR.,
SECRETARY OF THE TREASURY

September 6, 1944

Honorable Sir:

The latest alarming reports of the continuance of mass deportations of Jews from Hungary necessitate immediate action. Every hour of delay means the extermination of thousands of Jews.

The recent confidential report from the War Refugee Board, dated August 26, details the safe arrival in Basle of some 320 persons and the expected arrival of 200 more, all of whom are part of a group of 1695 distinguished persons including several renowned personalities.

This group was deported from Hungary to the camp at Bergen-Belsen, notorious as a camp whence the next stop was a Polish death chamber.

Their rescue proves that by judicious use of funds the unfortunate victims can be saved.

We, therefore, draw the attention of the Honorable Secretary respectfully to the urgent need for effective action to save not only the remaining Jews in Hungary, but also those in the labor camps of Poland and Lithuania, in the fortress of Theresienstadt, in Bergen-Belsen, Birkenau and those deported to East Prussia, these groups being the remnant of Jewry in Europe.

We respectfully suggest that a large sum of money be placed at the joint disposal of our committee in Switzerland and the representative of the War Refugee Board to be used specifically for the rescue of this remnant.

It is our belief that considering the tragic plight of what is left of the Jewish people it is a sacred duty to do our utmost and offer gold or merchandise not connected with the war effort for the release of Jews.

We believe that this rescue work should be conducted on a larger scale, and in as many points as possible.

Our committee in Switzerland is in close contact with every phase of the rescue work; it has succeeded in many instances and is especially adapted to carry such negotiations. They should be enabled to do so by placing the necessary funds at their disposal.

Very respectfully yours

VAAD HAHATZALA EMERGENCY COMMITTEE

132 Nassau Street
New York, N.Y.

A. Kaganovitch
Rosenberg

Cables received from our committee in Switzerland

August 12, 1944

The situation in Hungary is not clear. The guarantees of the Hungarian Government are to be taken with skepticism. It has become a little better and in truth the Hungarian authorities are being pressed by the Gestapo. The deportations in small numbers are still going on. The deported people received false assurances regarding non-existent exchanges. We beg you to continue the action of protest through radio, press and other means. Also through the Embassies of Switzerland Sweden Spain and Portugal.

Isaac Sternbuch

August 12, 1944

Our people in Hungary and Slovakia are in contact with Gestapo agents who must continually be bribed. They warn that if their requests are not fulfilled, the rest of the Jews are lost without fail and the responsibility for their existence rests upon us.

Isaac Sternbuch

August 25, 1944

Referring telegram August 14 we communicate that 320 out of this train arrived at Basle, among them many personalities and Rabbis. Other transports are expected enroute. Certainly the Satmar Rov will be among them.

Isaac Sternbuch

August 28, 1944

Hungary informs that deportations from Hungary are continuing under the pressure of the Gestapo; for instance, the Rabbi of Nitra informs that on August 26th 12,000 Jews were deported to Oswenzin. In order to delay these deportations at least for the moment until the situation will be cleared, it is urgently requested for the Bombardment of the respective rail-junctions, Galanta, Leopoldow, WRutka, Zilina, Cadca, Kashau, Presov, *Sillein* Gratz.

In this matter we have appealed to the British and American Embassies in Bern. Please intervene with these Governments about this matter.

Isaac Sternbuch

SECRET

FROM: Habana

DATED: September 6, 1944

RECEIVED: September 9, 5 p.m.

Secretary of State
Washington, D. C.

1982, September 6, 11:20 a.m.

Reference Department's A-1551, September 1, 5:30 p.m. from the War Refugee Board.

1) The clarification called for in Department's A-1229 of July 21 was set forth in Embassy's A-1927, August 30, 2:10 p.m.

2) The Ministry of State was advised by a note dated August 25, 1944 of the information regarding Julian GELERNTER set forth in Department's A-1483, August 23, 11 a.m.

3) The Ministry of State is being advised by note of further information concerning Julian Gelernter set forth in Department's A-1551, September 1, 5:30 p.m. with the additional statement that the Embassy would be pleased to receive any suggestion which the Ministry of State might wish to make with respect to such action as might be taken by the United States Government in this case in fulfillment of its assurance that it would insist vis-a-vis the German Government that the latter accord American documented nationals the same treatment as it expects for its nationals in the Western Hemisphere.

..... 4) In view of the attitude of the Cuban Government with respect to this general problem made manifest to the Embassy on several occasions, I do not feel that it would be advisable to approach the Ministry of State again at the present moment regarding a request by it to the Swiss Government. I shall, however, keep this matter in mind and shall bring it to the attention of the competent Cuban authorities whenever the opportunity offers. I shall not fail to keep the Department informed of further developments.

NUFER

711
HEM/hmf

CABLE TO OFFIE, CASERTA, FROM WAR REFUGEE BOARD

Reference your 272 of September 5, 1944.

Relief to refugees in areas liberated from the Germans not within jurisdiction of War Refugee Board. American Jewish Joint Distribution Committee is arranging for assistance through Switzerland to Polish-Hungarian refugees in Bucharest referred to in your cable. Suggest OSS representative Bucharest consult with William Filderman Bucharest concerning aid to these refugees.

THIS IS WRB CABLE NO. 47

2:25 p.m.
September 6, 1944

FHodel:jth 9/5/44

LFG-531
Distribution of true
reading only by special
arrangement. (SECRET W)

Lisbon

Dated September 6, 1944

Rec'd 7:33 p.m.

Secretary of State,

Washington.

2766, September 6, 6 p.m.

THIS IS WRB 184 JDC 69 FROM PILPEL FOR LEAVITT

Informed by Saly Mayer Slovakian Jews in peril. Also
Intercross's ability to help badly limited. Governmental
statements and action similar to that followed in case of
Hungary urged by Mayer.

NORWEB

EDA

NS - 740
Distribution of true
reading only by special
arrangement. (Secret W)

Lisbon

September 6, 1944

Rec'd 12:39 p.m., 7th

Secretary of State,

Washington.

2769, September 6, 7 p.m.

Kubewitski is a Belgian citizen. Belgian Legation applied for 6 months visa for Portugal which was refused. This is WRB 182 RMURTEL 2420, September 5. They then telegraphed suggesting that they request 30 day visa and notify them of date and place of application and they would intervene with police. They have had no reply thus far. They do not think there is any thing Embassy can do at moment but when new application comes and if Embassy can help will advise. Will do all possible.

HORWEB

MEV

DML-717
Distribution of true
reading only by special
arrangement. (SECRET W)

Lisbon

Dated September 6, 1944

Rec'd 10:58 a.m.

Secretary of State

Washington

2770. September 6, 7 p.m.

THIS WRE 185 JDC 70 FROM PILPEL FOR LEAVITT.

Mayer states cost of living France declining rapidly
and funds there practically sufficient to end current
calendar year. Marc Jarblui leaving for France September
6. So advised by Mayer. Jeffreykin hopes to go in about
four weeks after return of Schwartz.

NORWEB

VSB

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

September 6, 1944

5 p.m.

AMLEGATION

STOCKHOLM

1783

The following for Olsen is WRB 81.

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, making use of all available channels, and advise urgently of anything you may be able to ascertain concerning this matter.

HULL

WRB:MMV:KG
9/5/44

NOE

SE

GEM-523
Distribution of
true reading only by
special arrangement.
(SECRET W)

Stockholm
Dated September 6, 1944

Rec'd 7:05 p.m.

Secretary of State,

Washington.

3511, September 6, 6 p.m.

This is our No. 77 FOR WEB FROM OLSER

Estonian, Lithuanian and Latvian rescue operations
are now moving forward under extremely favorable
circumstances and results are good. Approximately 1000
have benefited through organization setup to carry out
operations. While it appears that period of future
operations is limited, approximately \$25,000 are needed
to continue program on present scale. Can WEB arrange
this financing as urgently as possible ?

RB

JOHNSON

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: September 6, 1944
NUMBER: 3074

SECRET

CABLE TO MCCLELLAND

Unofficial reports reaching WRO indicate that Intercess believes Theresienstadt a privileged camp and does not consider necessary any action calculated to bring its inmates within scope of Intercess activity.

Please advise Intercess that Beard has received repeated reports of recent deportations from Theresienstadt to extermination camps which, if true, indicate that its inmates enjoy no security. In addition, well-known tendencies in certain official circles in Germany to exterminate maximum number of Jews before end of war make likely sudden deterioration of position in Theresienstadt and elsewhere unless adequate precautions are taken betimes. Beard is therefore unable to share moral responsibility for possible loss of human lives involved in an express or tacit approval of reported Intercess position. Beard is convinced that Intercess too would not like to bear such responsibility.

Accordingly, Beard earnestly hopes that Intercess will extend its protective activities to Theresienstadt inmates including distribution of Palestine certificates and other documents entitling them to partial assimilation with civilian internees, eligibility for exchange and general Intercess supervision.

In general, please submit to Intercess the Beard's view that in dealing with Jews in German-controlled territory in the coming critical weeks, it is not enough to attempt to correct unsatisfactory situations already in existence. In the light of present circumstances it is urgent that all measures be taken to be prepared to deal with sudden deterioration. Therefore, Intercess is earnestly urged to take preventive as well as corrective action, however such this may go beyond the traditional pattern of Intercess activities. If this line of action is unprecedented, so is the situation.

If possible discuss the foregoing points with Huber personally.

THIS IS WRO CABLE TO BERN NO. 159.

HULL

CABLE TO HARRISON, BERN, FOR MCCLELLAND FROM WAR REFUGEE BOARD

World Jewish Congress representatives here feel that program recently approved for 300,000 parcels for internment camps specified by Intercross will not benefit many Jews. They have suggested that Intercross be urged to include the following camps in this program.

Austria:	Manthausen
Belgium:	Mechelen, Breendonck
Germany:	Bergenbelsen, Berg A/Laim, Birkenau, Trier Michwald, Faubruck, Graitaitz, Tomersdorf
Netherlands:	Barneveld, Vucht, Westerbork
Northern Italy:	Cesareo, Fossoli, Monte Ferrato, San Martino di Rosignano
Protectorate:	Altersheim Prague
Slovakia:	Sered nad Vahun, Nyhne
Poland:	Czestochowa, Deutsch Horst, Jedizejof, Klimentov, Krakow-Podgeroze, Kariljec, Krychow, Laziaka, Luta, Ossawa, Oswiecim, Rejowice, Sanok, Sajeczyce, Uher, Wieliczka.

If you deem it advisable, please discuss suggestion of World Jewish Congress with Intercross.

THIS IS WRB BERN CABLE NO. 161

FHodel:jth 9/5/44

2:15 p.m.
September 6, 1944

CABLE TO HARRISON, BERN, FOR MCCLELLAND FROM WAR REFUGEE BOARD

Please deliver the following message to Saly Mayer from
Leavitt, American Jewish Joint Distribution Committee:

"Understand several hundred Polish-Hungarian refugees in
great need in Bucharest Stop Can you arrange remit 5,000 dollars to
Filderman for this group."

THIS IS WRB BERN CABLE NO. 162

2:55 p.m.
September 6, 1944

FHodel:jth 9/5/44

Department

PLAIN

September 6, 1944

AMLEGATION

BERN

3082, sixth

AMERICAN INTERESTS - EUROPE, REPATRIATION

Please inform Swiss Government for guidance of its representatives in Europe in charge of American interests that following classes of individuals are established in order to permit United States Government to designate which classes of individuals eligible for exchange are to have priority in any given operation. Lists for any specified exchange will be made up from one or more of these priority groupings depending upon the administrative, transportation and other circumstances attendant upon each exchange. The priority groupings are as follows:

A. Persons receiving financial assistance through the protecting Powers under authorization of the government to which they owe allegiance, and their spouses and/or children. Under this heading unqualified first priority shall be extended to those persons who are ill, mentally afflicted or aged but able to travel, and unqualified second priority shall be given to those women and children who are unaccompanied by the head of the family. Among the rest, priority shall be accorded to those arrested or interned over those who are at liberty.

B. Persons not receiving financial assistance who have otherwise been extended formal recognition of their nationality through the protecting Power since the outbreak of hostilities. Priorities under this heading shall be the same as under A. Spouses and/or children are to be included.

C. Immediate family members, regardless of the state of their documentation, of citizens of the United States or of the other American republics who were repatriated in earlier exchanges. This heading is intended to cover spouses and/or children. Other categories of relatives or dependents should not (repeat not) be included under this heading unless specifically authorized by the Department.

D. Bona fide nationals of the western Hemisphere countries, regardless of the state of their documentation, who are confined in institutions for the Mentally or incurably afflicted. This covers also the spouses and/or children of such persons.

E. Individuals

- 2 -

#3082 September 6, to Bern

E. Individuals whose lives are in jeopardy whose claim to nationality is not questioned but whose right to protection may be doubtful because of extended residence abroad, lack of ties in the Western Hemisphere or some other technical reason. Within this category the same priorities shall be applied as under A. Spouses and/or children shall be included.

F. Individuals whose lives are in jeopardy and who bear documentation reflecting a right to exercise citizenship of or, alternatively, a right of protection by or admission into one of the republics of the Western Hemisphere, the circumstances of whose cases preclude adequate examination of the juridical basis of such right by the interested government until peace is restored in Europe or appearance is made before a consular or diplomatic officer of the respective republic, whichever first occurs. Priorities within this group shall be the same as under A. Spouses and/or children are included.

The Department is notifying the other American republics of the foregoing priorities system with the invitation to join with the United States in its adoption and inform their protecting Power accordingly with the request that lists of their nationals desiring repatriation be compiled in accordance with the foregoing categories.

HULL
(AAB)

740.00115 E. W./7-1944

SWP:AEC:BB

8-12-44

PD

VD

FC

WRB

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: September 6, 1944
NUMBER: 5859

CONFIDENTIAL

McClelland sends the following for the War Refugee Board.

According to the report from ICRC their delegates already departed for Goteburg have been instructed to make all necessary arrangements to handle, label, and reship initial batch of 15,000 parcels arriving on the Gripsholm for concentration camps in Germany.

Recent news from ICRC delegates in Germany states that orders have been received by Concentration camp commanders to the effect that as far as relief for prisoners is concerned, much stricter measures are to be applied. It will probably be impossible as a result of this, for instance, to send collective shipments to Buchenwald camp, but individual parcels only. Consignments may have to be stopped entirely in some camps. ICRC respectfully recommends, in light of the increasingly strict control over all such parcels for concentration camps, that no receipt cards be placed in parcels in the future as any printed material whatsoever is forbidden in packages. We will be kept posted as to the progress of this program by ICRC.

The foregoing message refers to the Department's August 23 telegram, No. 2897.

HARRISON

DCR:EBH:EFR 9/8/44

CABLE FROM WAR REFUGEE BOARD TO AMBASSADOR STEINHARDT FOR HIRSCHMANN,
ANKARA, TURKEY

Several requests have already been received by the War Refugee Board for financial assistance in the relief of refugees in areas liberated by the Allied military forces.

For your information and guidance War Refugee Board activities are to be strictly limited to the rescue and relief of the victims of enemy oppression who are in imminent danger of death, that is, who are still in enemy-occupied territory. Refugee problems in liberated areas are not (repeat not) regarded as being within the Board's functions. Accordingly, if you receive requests limited to the relief and assistance of refugees in areas liberated from the Germans, you should refer such problems to UNRRA, the appropriate military authorities, the Intergovernmental Committee on Refugees, private refugee organizations, or other national or international groups which are authorized to deal with matters of this nature.

The foregoing shall not be construed to limit the activities of the Board dealing with arrangements for the removal of refugees in liberated areas whose presence serves to discourage and prevent the rescue of additional refugees from enemy-occupied areas.

Repeat this message to the following WRB Special Representatives: Ackermann, Italy; McClelland, Bern, Switzerland; Olsen, Stockholm, Sweden; and Dexter, Lisbon, Portugal; Mann, London, England.

THIS IS WRB ANKARA CABLE NO. 106.

4145 p.m.
September 6, 1944

JBFriedman:ro
9/6/44

BJR - 321
Distribution of true reading
only by special arrangement.
(SECRET W)

Ankara

Dated September 6, 1944

Rec'd 9:30 a.m.

Secretary of State,
Washington.

1654, September 6, 1 p.m.

FROM AMBASSADOR STEINHARDT AND HIRSCHMANN FOR WRB

Ankara's No. 148, reference your 74 of July 7, 76 of July 8 and 99
of August 12.

For your information and for the record. Although the funds deposited
to the credit of Messrs. Jabotinsky and Denenberg were to be expended
subject only to authorization by the Ambassador and on Hirschmann, we
are informed by Denenberg that withdrawals and expenditures have been
made by him without our knowledge or authorization and continue in spite
of Hirschmann's repeated requests of Denenberg to submit statements of
the amounts withdrawn and the purposes for which they have been expended.
Jabotinsky reports that he has been unwilling to avail himself of these
funds under the conditions imposed and that to date he has not with-
drawn any of the funds transferred from the United States.

STEINHARDT

EH:NFL

MS-706

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

Ankara

Dated September 6, 1944

Rec'd 9:50 a.m. 7th

Secretary of State,

Washington.

1662, September 6, 1 p.m.

FROM AMBASSADOR STEINHARDT AND HIRSCHMANN TO WRB.

Ankara's No. 150.

We are reliably informed that the new Bulgarian Government headed by Muraviev is by background sympathetic to the problems of its minorities and its Jewish citizens and that there is reason to expect this government to carry out the policies initiated by the former Bagrianov Government with relation to the revocation of the anti-Jewish laws and the restoration of Jewish rights in Bulgaria.

STEINHARDT

BB

COPY NO. 11NOT TO BE RETRANSMITTEDSECRETOPTEL No. 291

Information received up to 10 A.M. 6th September 1944

1. NAVAL

Home Waters DIEPPE has been opened to coasters. Docks ANTWERP reported to be undamaged. Night 4th-5th. a British mooring vessel, damaged during fire by enemy coastal batteries on DOVER; our shore batteries believed to have sunk one enemy ship. 5th. A British Monitor, damaged by gunfire off HAVRE. A Polish Destroyer reported French flag flying at Signal Station USHANT, bad weather prevented landing.

Mediterranean 3rd. unloading over beaches hampered by bad weather. 4th. Two of H.M. Destroyers bombarded enemy targets in RIMINI area.

East Indies 2nd. British Submarine damaged coaster and escort vessel by gunfire NW of SUMATRA.

2. MILITARY

N.W. Europe British troops have reached general line GIVET, NAMUR, TRILEMONT, LOUVAIN, ANTWERP, GHENT, LILLE AIRE, ST. OMER, CALAIS. Situation in BOULOGNE not clear.

Southern France Advance continues rapidly to N. and N.E., Leading troops now N. of LONS-LE-SAUNIER and MACON

Russia Central Sector Further Russian advances have been made SW of LOMZA, places 33 miles NNE and 30 NE of WARSAW have been reached. Southern Sector Russians have captured PITESTI and CRAIOVA.

3. AIR OPERATIONS

Western Front 5th. Allied bombers dropped 1833 tons on troop concentrations HAVRE, 1074 tons on targets in BREST area, 724 tons LUDWIGSHAFEN Chemical Works, 464 tons KARLSRUHE Railway Centre and 464 tons STUTTGART Aero-engine and armament works. Results good.

Fighters destroyed or damaged 79 locomotives and about 300 railway wagons and other vehicles. Enemy casualties reported 28:0:2 in combat and 144:0:86 on ground for 13 Allied heavy bombers and 21 fighters. 5th/6th. Forty-three Mosquitoes attacked HANOVER and 42 other targets, all without loss.

Italy 4th. About 650 medium and light bombers attacked targets on West Coast and in battle area. Seventeen bridges damaged and 27 locomotives destroyed or damaged 5th. Liberators dropped 243 tons at and near FERRARA.

Hungary 5th. Fortresses and Liberators dropped 759 tons on railway bridges in BUDAPEST area.

Corrigendum

Optel 290. Air. Western Front. Attack on transport by over 700 fighters was on 3rd September.