

DIARY

Book 787

October 26-29, 1944

- A -

	Book	Page
American Federation of Labor		
HMJr asked to address convention in New Orleans, November 17-24 - 10/27/44.....	787	166
Argentina		
See Latin America		
" Lend-Lease: United Kingdom - Phase 2 for meat discussions		

- C -

China		
Congressman Judd's talk at dinner given by Chinese- American Cultural Institute reported by Friedman - 10/28/44.....		274
Commerce, Department of		
To inspect income, etc., tax returns in connection with balance of international payments - Executive Order sent to FDR for approval - 10/28/44.....		264
Correspondence		
Mrs. Forbush's mail report - 10/27/44.....		172

- E -

Eisenhower, General Dwight D.		
See Financing, Government: War Savings Bonds (6th War Loan Drive - European Theatre of Operations)		
European Theatre of Operations		
See Financing, Government: War Savings Bonds (Odegard plan)		

- F -

Financing, Government		
War Savings Bonds		
European Theatre of Operations		
Odegard plan for drive there - 10/28/44.....		212
HMJr letter to Eisenhower discussed in Gamble memorandum - 10/30/44: See Book 788, page 21		
HMJr letter to General Cobbs, Fiscal Director, ETO: Book 788, page 23		
Eisenhower letter from FDR proposed by HMJr - 10/31/44: Book 789, page 41		
Foreign Funds Control		
France		
Assets - status reviewed by O'Connell - 10/26/44.....		9
Stettinius press conference relative to French funds - 10/30/44: See Book 788, page 199		
France		
See Foreign Funds Control		
" Lend-Lease		

Germany

See Post-War Planning

Glasser, Harold

See Post-War Planning: Germany (Treasury Plan)

Harms, Sam J.

See Production for Use

Internal Revenue, Bureau of

Department of Commerce to inspect income, etc., tax returns in connection with balance of international payments - Executive Order sent to FDR for approval - 10/28/44.....

787 264

Judd, Walter H. (Congressman, Minnesota)

Talk at dinner given by Chinese-American Cultural Institute reported by Friedman (in China) - 10/28/44...

274

Latin America

Argentina

Delay in instituting strong program by United States brought to Stettinius' attention by HMJr - 10/26/44..

2

See also Lend-Lease: United Kingdom - Phase 2 for meat discussions

Lend-Lease

France: Negotiations discussed by Stettinius and HMJr

at lunch - 10/26/44.....

2

a) White House message to HMJr at Quebec

September 14 given to Stettinius.....

5

United Kingdom - Phase 2

See also Book 785

Argentina (Meat)

Discussions by Stettinius and Cherwell reviewed by HMJr and Stettinius - 10/29/44.....

303

Discussion by HMJr, Stettinius, Acheson, and White - 10/30/44: See Book 789, page 34

Conference; present: HMJr, Keynes, Cherwell, and White - 10/31/44: Book 789, page 1

Odegard, Peter H.

See Financing, Government: War Savings Bonds (European Theatre of Operations)

October 26, 1944
2:10 p.m.

CONVERSATION WITH MR. STETTINIUS

H.M.JR: I had lunch with Stettinius today. He brought up the question of the leak on the so-called "Morgenthau plan." He evidently had got his people together this morning and discussed it with them.

He read from a memorandum evidently prepared for him by McDermott, the Press Section man, who had sent for Hightower, the A.P. man. Hightower said that this story was around, that he had got it in part from the War Department and State. I can't remember whether he said Treasury or not, but that he had cleared the story with the European Section of the State Department; that they had gone over his story and made numerous corrections.

All this to me, as I told Stettinius, is very shocking. I said, "Why should the European Section of the State Department correct Hightower's story? Why didn't they refer him either to Steve Early or to me?"

Stettinius inferred that his story was friendly to me and that therefore it must have come from the Treasury. I said to Stettinius, "You know that the matter was approved at Quebec, that I went there under difficult circumstances, and why should I come back and talk about it? There is nothing in it for me." He agreed.

Hightower said that Krock, before him, had written a story, as had the Wall Street Journal, and that the Wall Street Journal and Crider, of the New York Times, were very friendly to the Treasury.

So I said, "Well, that is meaningless." Then I said, "This I can tell you firsthand, that Krock told a very responsible man whom you know that he got this story from very high sources in the State Department. Also Swing said that he got this story from the State Department."

- 2 -

So he said, "Well, that must mean Mr. Hull."

I said, "I am not saying whether it is Mr. Hull or not, but I do know that Krock is a very intimate friend of Mr. Hull's and of McCloy's."

"Well," he said, "I can't imagine Mr. Hull doing this. He has been a very sick man. I can't imagine his doing it."

So I said, "Well, I am not saying he did or didn't do it."

He said, "Well, let me ask you a question. The story is around that you and White slipped this thing through the back door to the President, and that neither Hull nor Stimson ever saw it." He said, "That is the impression that the English have."

So I said, "Well, all I can tell you"--and I verified it by Miss Chauncey--"is that on September 6 I sent a copy to Stimson and Hull."

He said, "Well, that puts an entirely different light on the thing. Nobody in the State Department seems to know that. I'll tell it to them tomorrow at the Policy Committee of the State Department, and take it from me, I am going to get this story around that you did this thing in the regular way and that they had this document of yours one week before you went to Quebec. I am going to see that that story gets around."

/I'll believe it when I see it!7

So then I brought up the French matter and read him Bell's telegram, and when I got through or half way through, he said, "Well, I am opposed to giving the French any Lend Lease for reconstruction. That is all contrary to the spirit of the Act. I am opposed to it."

So I said, "Well, I'll send to you a paraphrase."

(Secretary dictates memorandum to Mr. Heffelfinger and letter to Mr. Stettinius)

- 3 -

I showed this thing (referring to attached memorandum from Mr. O'Connell) to Stettinius, and he said he never said that about the French gold, but this is something that is up before the Treasury and that he would send me a verbatim report of his remarks.

Then we got onto the Argentinian Lend Lease. I reminded him that there was still a letter from the President to me which I had asked to take up with Hull several months ago, and I have never been able to see Hull.

He said that he hoped that before I finally came to an agreement with the British on the new Lend Lease that I would give him a chance to bring in this question about the English making a four-year contract with the Argentinians, and that the next time there was a meeting in this office he, Stettinius, wanted to come.

October 26, 1944

Dear Ed:

I am sending you a paraphrase of ^{filed 9/15} the telegram that Dan Bell sent me on September 14 to Quebec.

On looking up my records, I find that at a meeting in Mr. Hull's office on September 20, at nine-thirty, I explained to Mr. Hull and other people present in great detail the telegram that Dan Bell had sent me in regard to French Lend-Lease.

I am sure that if you will ask Matthews about this he can tell you more about it in detail, because he was present when I made my report on what happened in regard to Lend-Lease for the French at Quebec.

Yours sincerely,

[Signed] Henry

Honorable Edward R. Stettinius, Jr.,
Under Secretary of State,
State Department,
Washington, D. C.

PARAPHRASE OF MESSAGE SENT TO SECRETARY MORSENFELT AT QUEBEC

BY WHITE HOUSE WIRE SEPTEMBER 14, 1944

5
**TOP
SECRET**

As of September 14 negotiations concerning French lend-lease were in following status:

1. We have told the French authorities that we are awaiting a decision by the President concerning the time limit of the Lend-Lease Agreement and the scope of such agreement.
2. The sixth draft of a lend-lease agreement (dated September 11) has been agreed upon by FEA and the State Department, which permits

(a) Under Section 30 of the Lend-Lease Act the French would be given long-term credits under which they could receive goods necessary for long life industrial reconstruction. Under this provision FEA will be permitted to accept requisitions until the end of the war with Japan, at least, and these requisitions would be filled once they have been accepted, regardless of the termination of the war with Japan. Consequently, a program of reconstruction for France could be undertaken on a large scale. (Mr. Underwood Monnet proposes to have placed immediately requisitions under a program of \$2 billions which he has ready.)

(b) Materials purportedly for French war production and short-lived industrial goods could be given under the agreement to the French until at least the end of the war with Japan, on a straight lend-lease basis.

3. A memorandum has been sent to the President through Harry Hopkins by the Secretary of State pointing out

(a) The above-mentioned draft of agreement goes beyond the memorandum approved by the President on July 15.

(b) The memorandum of Secretary Hull suggests that FEA be required to submit to someone in the White House all programs and proposals for lend-lease assistance before requisitions are accepted by FEA in order that the possibility of excessive leniency in the administration be controlled.

The President has this memorandum before him at Quebec for approval.

We have not been given a copy of the memorandum by the State Department, although that department promised to clear the memorandum with us before transmitting it to the President.

**TOP
SECRET**

TOP
SECRET

Regraded Unclassified

4. You will recall that the original memorandum sent to the President on July 15, during the course of negotiations with the French, had as its objective the limiting of Lend-Lease to France until hostilities in Europe came to an end. The War Department, through Mr. Hagley and General Kildring, has made definite statements that no help in fighting the war in Europe can be expected through French industrial production and that any help to us in fighting the Japanese war, which reconstructed French industry will give us, can be placed in your right optic.

Attention is called to the importance of the phrase to limit the scope of the program to the termination of the war, because under this phrase the regulations to be submitted immediately for aid will be much greater in volume if there is prospect of the war against Japan lasting a long time than would be the case under the certainty of the war in Europe ending shortly.

5. In order to justify broadening the scope of the Lend-Lease Agreement the argument has been made that the President should be given the fullest possible discretion, but it does not appear that this argument has any basis in fact. The Lend-Lease Act already gives the President all the discretion that is needed by him. There is nothing to prevent the President from entering into a new agreement after the end of the war in Europe, if at that time he feels the war in the Pacific is being aided by France or if for other reasons it is determined that the reconstruction of France should be aided under Lend-Lease. It appears that by signing the agreement, as recommended by State and FHA, and making large scale commitments thereunder immediately gains very little additional discretion other than to present Congress, as well as the public, with a fait accompli when the war ends in Europe. No one can predict what the Congress may do, but if it should cut off Lend-Lease after the end of war in Europe, any attempt to rely on large regulations which had been voted upon under any previously existing agreement with the French (not having any relationship to the European war) permitting the reconstruction of France, would carry hazardous political implications and seem highly undesirable.

6. The effects from the broadened scope of the memorandum, as it appears to us, are as follows:

(a) The French have been placed on notice by a memorandum which indicates that the scope of Lend-Lease will be limited to hostilities in Europe and any change at this time indicating that Lend-Lease will be permitted at least to the termination of the Japanese war will undoubtedly cause the French to think that the President is agreeable to a reconstruction program for France. To

TOP

SECRET

7
**TOP
SECRET**

think this is especially true because we understand commitments by various people in FEA and State have been informally given to the French to this effect. Following through on these lines we believe the French will consider this a political victory of great importance which resulted from their strategy of playing one department of the United States against another, especially in matters involving financial operations.

(b) We believe the White House is not and should not be placed in a position where it is expected to police detailed supply programs, but the program presented to the President contains a suggestion for approval by the White House before requisitions are accepted by FEA. There will be no limitation for reconstructing France under the Lend-Lease Act, while on the other hand we will have no understanding as to the roll of France in the future of Europe and the world and there will be no indication as to the extent which France may participate in our war against Japan.

7. We believe, in conclusion, that the practical effect of the pending proposal before the President will be to tie his hands in our future dealings with the French at the end of the European war more than otherwise would be the case, rather than to give more discretion to the President.

**TOP
SECRET**

THE UNDER SECRETARY OF STATE
WASHINGTON

October 27, 1944

Dear Henry,

I appreciate your having sent me with your note of the 26th a paraphrase of the telegram that Dan Bell sent to you in Quebec. It is most helpful for me to have this.

Many thanks and best wishes,

Sincerely,



The Honorable Henry Morgenthau

101 OCL 55 W The Secretary of the Treasury
Washington, D.C.

SECRETARY OF THE TREASURY
OFFICE

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

OCT 26 1944 Date

TO Secretary Morgenthau
FROM Joseph J. O'Connell, Jr.

French assets, both Government-owned and private, are, today, in the same status as they have occupied since the fall of France; that is, subject to our freezing control.

With respect to the Government-owned assets, an attachment obtained in an action started by the Belgian Government against the French Government at the moment effectively ties up almost all of the French Government funds, but this obstacle will in all probability be removed in the near future. Subject only to this, the recent recognition of the Provisional Government in France will make it possible for us to release such funds for legitimate purposes on certification by the State Department that named representatives of the DeGaulle Government are authorized to draw on the funds in question.

With respect to the funds of French nationals, there is no immediate intention to release them from our freezing controls, although there will be increasing pressure to do so as time goes on.

The day before yesterday Under Secretary of State Stettinius made a statement at a press conference which was widely interpreted to mean that all controls of French property, both Government-owned and privately-owned, would be released as an almost automatic result of the recognition of the Provisional Government. We do not have the exact text of Mr. Stettinius' remarks, but we have interpreted him, in answering inquiries, to mean that he was referring primarily to the Government-owned funds, and that the privately-owned funds will be handled in accordance with the needs of the situation as it develops.

Joseph J. O'Connell

October 26, 1944
2:20 p.m.

QUEBEC CONFERENCE NEWS LEAK

Present: Mr. Glasser
Mrs. Klotz

H.M.JR: Hello, Harold. How are you? Sit down.

Harold, when you were up in Montreal at the UNRRA meeting, did you talk about a plan for Germany at all?

MR. GLASSER: No.

H.M.JR: Are you sure of that?

MR. GLASSER: I am positive.

H.M.JR: Because the statement has been made to me flatly that you boasted all over the place what the Treasury had done and that the newspaper reports came out of Montreal based on what you said.

MR. GLASSER: That is utterly fantastic. I never talked about Germany either in Montreal or anywhere else.

H.M.JR: On the Treasury plan?

MR. GLASSER: No. As a matter of fact, I think I went up there on September 15, and if I remember correctly no work had been done here. It was after I came back from Montreal that I began to work on Germany, and not before.

(The Secretary holds telephone conversation with Judge Rosenman, as follows:)

October 26, 1944
11:48 a.m.

HMJr: Hello.

Operator: Judge Rosenman is out of his office and they don't know what time to expect him.

HMJr: Well, leave word I called.

Operator: Right.

2:22 p.m.

HMJr: Hello.

Sam Rosenman: Hello.

HMJr: Sam.

R: Yes, Henry.

HMJr: You most likely have already gotten the message, that page on taxes -- we have no objection to it.

R: Yeah.

HMJr: I don't

R: I have this message from Blough.

HMJr: Yeah.

R: This memo.

HMJr: Yeah.

R: I think it's all right.

HMJr: Well, I mean, we're not crazy about it but there's nothing we can object to on technical grounds.

R: And I don't think it -- what you say is you'd hate to have it appear as -- as the post-war policy. Well, it really isn't; it's just as applied to business.

HMJr: Well, I mean I -- I could only object to it -- I mean, there's nothing that I could object to it on -- on technical tax grounds.

R: Yeah. Don't hold me for the "piffle" paragraph.

HMJr: I mean I don't like it, but that -- that -- you didn't ask me that.

R: (Laughs)

HMJr: Which is something else.

R: Henry, don't blame me for the "piffle" paragraph.

HMJr: Well, that was one of the things.

R: Yeah. Well, I'm going to take out the word "piffle".

HMJr: You are?

R: If I can keep it out, but he's very proud of it.

HMJr: He likes it. Now, is this talk on business?

R: Well, half of it is and half is on the war.

HMJr: I see. Well, some time later this afternoon I hope that my talk on business will be available and I -- I'm going to send it over to you.

R: Good.

HMJr: See?

R: All right.

HMJr: And I'm giving it -- I speak immediately after the President tomorrow in New York.

R: Fine. That's at that dinner. Huh?

HMJr: In New York.

R: Yeah.

HMJr: Fifty dollars.

R: Uh - (Laughs)

HMJr: But no special privileges go with it.

R: Any amusement tax?

HMJr: No special privileges go with it.

R: Say, who wrote that damn letter?

HMJr: How -- what are they going to do about that?

R: Well, Hannegan has issued a denial

HMJr: Yeah.

R: saying it was wholly unauthorized.
Hannegan's denial isn't bad. It's in the
afternoon papers.

HMJr: I see.

R: I don't know who does those things. I assure
you I'm not consulted on those as on many others.

HMJr: No, there'll be an amusement tax up there all
right -- thirty percent.

R: On the fifty bucks?

HMJr: (Laughs)

R: My God!

HMJr: I mean they'll be amused because they're hearing
me.

R: (Laughs) All right, Henry.

HMJr: Thank you.

R: Will I have to look for a job after January ninth --
nineteenth?

HMJr: January

R: Huh? You and I?

HMJr: Well, you won't.

R: I mean it.

HMJr: And I don't expect to.

R: I mean it.

HMJr: You mean after the election?

R: Yes.

HMJr: You're asking me?

R: Yes.

HMJr: Well, I won't give you better than three to one.

R: Most people are betting four to one.

HMJr: I know. But we farmers, we're a little cautious.

R: All right, boy.

HMJr: They tell me there's no Dewey money around.

R: No.

HMJr: They say there's absolutely no Dewey money around.

R: Jesus! You know I read his speech last night. It was just the speech of a fellow running for District Attorney in -- in the -- in the County of Dutchess.

HMJr: Yeah.

R: That's exactly what it was.

HMJr: Yeah.

R: Okay. Good luck, boy.

HMJr: Bye.

R: Thank you.

- 2 -

MR. GLASSER: Wait, I was wrong on that. It was between September 1 and September 15 that we worked on Germany.

But I'd like to say this, Mr. Secretary. I have been in the Treasury for eighteen years. I never talk outside about Treasury business. Now, I never talked to reporters on any subject, if it came from any of the reporters. At Montreal my circle of acquaintances was very narrow - only those on the American Delegation.

I know the dangers of talking outside better than anyone. I never talk outside and I never talk on subjects such as subjects that appear in the press.

Now, I don't know who made the comment--maybe I didn't even know the person--but I never talked even to my room-mate, who was Pete Collado. I never discussed Germany. I read the newspaper reports as they appeared. I said, "Did you read the report in the New York Times this morning?" He'd make some comment, but I never discussed it even with my room-mate.

But that doesn't apply only to Germany. I have been here too long to get caught talking outside, and I never even when I was at Atlantic City or Montreal--or even in Algiers or anywhere--talked to reporters. They make me uncomfortable. I don't like reporters, because they do misquote.

H.M.JR: I wouldn't say this thing, as I say--well, it was somebody in the State Department who told me this, in defense of their own position that it didn't come out of State.

MR. GLASSER: Pete Collado was the one I saw most of and the others I met only at meetings and occasionally at cocktail parties. If I didn't talk to Pete, I certainly wouldn't have talked to anyone else, and I did not talk about Germany to Pete. He tried to talk to me about it, but I never permitted that discussion to come up, because it was in the press. I mean, I am no novice at this. It was in the press. I remember now, the report appeared

- 3 -

in the Times and he tried to get me in discussion, but I refused, as I always would, whether it is on that subject or any other.

H.M.JR: Well, you keep your own counsel on this, will you please for the time being?

MR. GLASSER: All right.

H.M.JR: You can tell White or I will tell White, but outside of that I don't want you to discuss this. I'll take further steps about Collado and that kind of thing and I'll advise you, but don't you begin to make your own investigation.

MR. GLASSER: I won't do a thing about it.

H.M.JR: And don't say anything other than to White, if you please. Thank you.

MR. GLASSER: I'm awfully sorry.

H.M.JR: No, the statement was made flatly and I said I would put it up to you.

MR. GLASSER: Well, that is the sort of thing--

H.M.JR: But I am not in any way accusing you. I am just repeating that somebody, trying to prove to me that it wasn't the State Department, said that the thing broke from remarks that you had dropped.

MR. GLASSER: To reporters?

H.M.JR: No, they didn't say to reporters - remarks that you dropped, that you were boastful about what the Treasury had done on the German thing.

MR. GLASSER: Ha!

H.M.JR:at Montreal, and that the telephones and telegraph wires buzzed as a result of that.

MR. GLASSER: It's just too fantastic. I never realized I had so much power!

- 4 -

H.M.JR: I believe you. I haven't made any accusation.

MR. GLASSER: No, I understand that, Mr. Secretary; but somebody else has. I'll forget about it.

H.M.JR: It will be much better to let me handle it.

18
October 26, 1944
3:40 p.m.

Operator: There you are.

HMJr: Ed.

Edward R.
Stettinius: Henry.

HMJr: I'm so situated I can listen but I can't talk.

S: Yeah. Well, you -- all you can do is to listen.

HMJr: Yes.

S: Those two fellows did room together.

HMJr: Yes.

S: Your man talked to our man very frankly in the middle of the night

HMJr: Yes.

S: in great confidence and great secrecy....

HMJr: Yes.

S: and they exchanged many views.

HMJr: Yes.

S: My man at no time saw any evidence of any indiscreet conversation around town generally....

HMJr: Yes.

S: that would be subject to criticism.

HMJr: Yes.

S: However, when my man returned to Washington....

HMJr: Yes.

S: he heard on -- from several different sources that the information had come from that place up there from your man.

HMJr: Yes.

S: But he can not -- he can't trace that.

HMJr: He can not?

S: No.

HMJr: Well, then, based on your man -- he -- he does not give any evidence that my man was indiscreet?

S: He does not. He says that as far as he knows that he is the only one that he talked to and he talked in his room late at night in a very private manner.

HMJr: On this particular subject?

S: On this particular subject exhaustively.

HMJr: Oh, he did?

S: Yep. To my man in the middle of the night, exhaustively.

HMJr: I see.

S: But did nothing indiscreet.

HMJr: I see. And -- but he didn't hear him do anything around town?

S: No, sir. He did -- and he did not hear any -- see any evidence of it.

HMJr: Well, on that wouldn't you -- wouldn't you give him a clean bill of health?

S: I would.

HMJr: You would?

S: I would.

HMJr: Well, that's one -- one rumor "scotched".

S: All right, old boy.

HMJr: I'm very much obliged.

S: Henry, my press conference was all right on the -- on the French part.

- 3 -

HMJr: Good.

S: I've sent the transcript -- the record over to you by hand now.

HMJr: Good.

S: I said that this was a joint Treasury-State matter; that it was under active study and there was nothing I could say this morning to them about the matter.

HMJr: I see. Right. Let's have some more meetings.

S: Righto.

HMJr: Thank you.

Copy from which
reading copy was made

10/26/44 -

I have come here tonight to talk to you
business men about ~~your own~~ business and ^{to} discuss
with you how you have fared under Mr. Roosevelt's
Administration. ~~during the seven years preceding the~~
~~World War and during the period of the war itself.~~

^{should} I ~~would also~~ like to ~~say~~ ^{express} to you ^{at the outset my feeling} that ~~I feel~~ that
^{as a whole} business ^{has} conducted itself ^{by and large} ~~extremely~~ ^{unsuccessfully}

~~well~~ during the war years and that those of you who
^{have carried on the job of war production in all its varied phases}
~~are in production of munitions~~ have every reason to
feel proud of your contributions to the ^{national cause.} ~~war effort.~~

~~Now let's take a look at the record of~~
~~the seven years previous to this war.~~

Every age ^{has} had its mythology -- ours no less than times gone by. Myths, I think, are something like currency, and Gresham's law is about as applicable to the one as to the other. This is to say, paraphrasing Gresham a little bit, that, of two forms of myth, the inferior or more depreciated tends to drive the other out of circulation. And this is particularly true in a period when propaganda has been elevated into something of a science. For propaganda is a form of counterfeiting. ~~It puts into circulation fancies instead of facts, manufactures bogus notions, coins phrases and passes them off on the masses as sheer gospel.~~

I make this somewhat philosophical approach because I want ^{to say something} ~~to talk to you~~ about myths this evening -- in particular about one myth which seems to me one of the most remarkable propaganda achievements of our time. Let me state the myth for you as it was expounded earlier this year ^{by the Republican presidential candidate in his} ~~in a famous acceptance address by~~ ^{acceptance address:} ~~a famous young prosecuting attorney with a famous fondness for sweeping indictments and extravagant accusations.~~ "The present Administration" -- ^{and I quote his own} ~~said the young~~ ~~man,~~ "has been consistently hostile to and abusive of American business and American industry, although it is in business and industry that most of us make our living."

~~Now I do not for a moment mean to suggest that the myth --~~

Now I do not mean for a moment to suggest that the myth - in this particular instance - was invented by the candidate. On the contrary, it is one of the most hackneyed, time-worn and over-worked myths of the present day. It has been in circulation, I should guess, for pretty nearly a full decade. It was tried out with great gusto by campaign orators in 1936, was dusted off and trotted forth as a brand new discovery in 1940; and today - such is the originality of its sponsors - it is being tried again, evidently on the assumption that if it is repeated often enough somebody may believe it. The technique is a well-known one.

It is about time, I think, ~~ought~~ to take a good close look at this myth. Let us leave the war years altogether out of account for the moment and go back instead to the 7-year period before 1940 when the Administration halted the precipitous deflation of the early '30's and built up steam in a cold boiler to start industry once more on the upgrade. It is this period which the Republican Candidate is pleased to call "The Roosevelt depression".

I am glad to think that time has dimmed the memory of the dark days before Franklin D. Roosevelt revived our faith in ourselves by telling us that the only thing we had to fear

- 3 -

was fear itself. In 1932, the year before he took office, corporations reporting to the Bureau of Internal Revenue showed an aggregate loss of more than 4 billion dollars.

By 1934, the present Administration had abused business and industry to such an extent that they began to report profits instead of losses to the Bureau of Internal Revenue. The profits of corporations that year - after payment of taxes - amounted to \$2,374,000,000. Net profits rose steadily each year after that, except during the recession of 1938, until by 1939 they stood at about six billions.

All right, now let's take a look at the record of retail trade during this period. Total retail sales in 1933 amounted to 24½ billion dollars. In 1939, they were better than 42 billions, an increase of 75 per cent. If this was abuse, I have an idea that most retailers would like to be abused constantly.

The steel industry affords a pretty good clue to our general economic health. In 1932, it was operating at 20 per cent of its capacity. In 1939, before the war orders began to come in, at 65 per cent.

- 4 -

The United States Steel Corporation had a net income in 1932 of minus 71 million dollars. That was when it was functioning under an Administration that professed great friendship for business. In 1939, U. S. Steel was ruthlessly forced to relinquish the pleasure of taking such a loss; the New Deal abused it into accepting a net profit of 41 millions.

~~The General Motors Corporation, to take another example, had net sales in 1932 worth 432 million dollars. In 1939, its sales amounted to \$1,377,000,000. It had less than a million dollars of net income available for dividends in the earlier year, more than 180 millions in 1939. Yet Mr. Alfred P. Sloan, the President of General Motors, in a speech last August, demanding revision of the Wagner Act, referred to the Government as dealing - I quote him - "with two groups, one equitably and the other inequitably." And last year he spoke of the "destructive" policies of the New Deal.~~

There wasn't anything special about the experience of the United States Steel Corporation. Manufacturing concerns in general reported themselves in the red for 1932 to the tune of \$1,600,000,000. In 1939, they were three billion dollars in the black.

INSERT B

26

Well, here is the record, open for examination to anyone who wants to read it. If it is a record of hostility and abuse, then words, I think, have altogether lost their meaning. Businessmen are generally known to be pretty practical fellows not easily terrified by phony labels. Your presence here tonight testifies to this. You have found the proof of your pudding in the eating.

Insert B

~~If this be hostility, I should think the motto of businessmen might very well be - Lord, protect us from our friends; we can take care of our enemies.~~

Of course, there is not now, and there never has been, any enmity on the part of the Roosevelt Administration toward business and industry. What there is, and has been from its inception, is a firm determination to avoid the kind of quicksand crust of fake-prosperity on which this Nation danced such a frenzied jig during the twenties. There was nothing solid underneath it because millions ~~upon millions~~ of Americans were unemployed or employed at such low wages that they could not maintain a decent standard of living. It was inevitable that we should crash through such a crust as we did so tragically in 1929. ~~(And I was so sure that I was about to be killed.)~~

This Administration has sought, instead, to develop a balanced and expanding economy, based on a high volume of purchasing power. It has recognized that enduring prosperity must have a solid foundation, that it must be built from the ground up. It has operated on the premise that what advances the general welfare of the people of the United States also advances the welfare of the business and industry in which they engage.

- 6 -

And this is the very simple explanation for the growth in corporate profits which I have noted - for the increase in dividend payments, for the mounting volume of trade, for the expansion of production. Under this Administration, the American people as a whole have been earning the money with which to buy the goods and services which business and industry have for sale.

The Roosevelt Administration has had so much faith - and such genuine faith - in the free enterprise system that it has sought to keep it free. I think that no young man who wants to start in business for himself will feel abused by an Administration which protects him from the shackling ^{reference!} ~~competition~~ of monopoly. I think that no banker or broker who wants the public to invest in an honest enterprise will feel abused by an Administration which protects him from the competition of irresponsible market manipulators and gold brick salesmen. I think that no honest employer will feel abused by an Administration which protects him from the competition of sweatshops.

These and other measures instituted under the New Deal have given American enterprise real freedom. To speak of them as abusive is as absurd as to speak of a surgeon as abusive because he cuts out an inflamed appendix or a cancerous growth.

- 7 -

Business and industry in America are healthier today and have greater opportunities for the future because this Administration has been a true friend to them. Oh, yes, I know that the opposition now endorses these reforms and any evening on the air you can hear the Johnnies-come-lately hollering "me, too." But you can also hear them hollering that the present Administration "has been consistently hostile to and abusive of American business and industry." And I think that you can get from this a fair measure of their sincerity.

These are,
~~These,~~ I think, ~~are the~~ real enemies of business - ~~They~~
~~are~~ important and powerful enemies - some of them within the ranks of business itself who would undermine the very foundations of free enterprise.

They are the "business as usual boys" who opposed the conversion of industry from peace to war. They are the men who fought price control and renegotiation - who would have risked the danger of inflation for extra profits for themselves.

They are the ~~labor-haters~~ ^{men} who fought ~~against~~ collective bargaining, minimum wages, social security and the other social ~~accomplishments~~ ^{gains} of this Administration. They are the monopolists who favor restricted industrial output, ^{and restricted credit at high interest rates} and restricted markets at home and abroad.

- 8 -

The real enemies of business in America are the economic isolationists, the men who oppose international economic as well as political cooperation. They are the men who want to restrict credit, who want high interest rates. They are the few bankers who bring pressure against the Treasury to increase interest rates knowing full well that every increase of one per cent means an additional burden of \$2 billion a year on the American business men and the taxpayer.

But they are not, I am certain, representative of American business.
 Yes, business has its enemies. ~~But~~ they are not in the

Roosevelt Administration.

insert C
 Now, I want to turn for a moment to the war years. Business itself has fared pretty well in the performance of its magnificent production job. The total of corporate profits for the year of 1943, after payment of taxes and after renegotiation, was the highest in the history of this Nation - higher even than in the frenzied boom of 1929.

This war prosperity has been well balanced. I am glad to say that it has created few war millionnaires, for the rise in profits has been distributed throughout the business community. The virtual absence of war-made fortunes represents the combined results of a wise policy of military procurement, the success of the policy of economic stabilization, the operation of the excess profits tax, and the commendable restraint exercised by business itself.

INSERT C

Now, I want to turn for a moment to the war years. The achievement of the American industrial machine during this war has brought heart and hope and wonder to our friends, consternation and despair to our enemies. We have kept our pledge to serve as the arsenal of democracy. We have built and equipped a mammoth army of our own and the greatest navy in the world. And at the same time we have met all the essential needs of our civilian economy. Business itself deserves immense credit for this accomplishment. But does anyone seriously think these things could have been done without a well balanced economy developed before the war began?

- 9 -

The prosperity of the smaller concerns is less easily observed than that of the large publicly owned corporations, but it has been actually even greater. A survey of the relative movement of the profits of large and small companies in eight major industrial groups, made jointly by the Board of Governors of the Federal Reserve System and Robert Morris Associates, shows that in each group the smaller concerns have, during the wartime period, improved their profit position relative to the larger companies.

But what is much more important to business in the long run than its profits during the war itself is the fact that, despite the conversion of our resources to war production, the domestic economy has been kept sound and stable. There has been no out-of-hand inflation in the course of this conflict. The purchasing power of the American dollar has been kept firm. You must certainly credit this in large measure, I believe, to the stabilization program and the methods of war finance undertaken by your Government. The economic policies pursued in the war years have safeguarded business and industry not only against inflation but also against the disastrous sort of deflation which struck this country in 1920 and 1921.

Robert
D

INSERT D

We in the Treasury have conducted our fiscal operations in such a way as to minimize the post-war burden of the debt and to promote mass buying power and balance in the post-war economy. Business will have these assets in meeting the problems of reconversion:

(1) 85 million individual investors ^{have purchased} ~~now hold~~ bonds of their Government with an aggregate value of 23 billion dollars. These bonds, non-negotiable and with a guaranteed redemption value, assure their holders against market fluctuations and give them a sense of security which will enable them to spend their current incomes for consumer goods when these become available.

(2) Interest rates have been kept low, averaging about 1-3/4 percent in comparison with 4-1/4 percent in the first World War; the reduction will not only save about four ^{annually} billion dollars in the postwar Federal budget but will also give business much more favorable borrowing opportunities than it had at the end of World War I.

(3) Securities sold to banks and corporations, all of them of short maturity, have provided an unparalleled liquidity which should assist greatly in the financing of postwar reconversion and expansion.

(4) Provision has been made for the refunding of excess profits taxes to guarantee corporations against losses in the

INSERT D (2)

○ years immediately following the war.

Can any reasonable man find in such measures an indication of hostility to American business and American industry? No, I think ^{the} Republican candidate has been engaged -- and not for the first~~time~~ -- in the prosecution of a myth.

Business and industry have a role of vital responsibility to play in the development of the future. They must serve as its generators. They must be, in the future as they have been in the past, the initiators of economic progress. Theirs must be the ingenuity, the know-how, the enterprise needed to find new products, build new plants, develop new techniques. It is to them that Americans look for the expansion of production and the creation of new jobs and the lifting of our living standards.

Business can ~~do this~~ ^{fulfill these hopes} and will ~~do this~~. But it can ~~do it~~ ^{fulfill them} only in partnership with an Administration which will support it, not ~~merely~~ with fair words and special ~~favours~~ ^{benefits}, but with a dynamic program of economic development for all the people.

It is this kind of friendship for business, as for agriculture and labor, which the Roosevelt Administration has practiced and will continue to practice while it is in office.

These
last
lines are
weak
I should
like to
have
more work
preceding
the main
text.

34
Original reading copy
Retyped
10/26/44

I have come here tonight to talk to you business men about business and to discuss with you how you have fared under Mr. Roosevelt's Administration. I should like to express to you at the outset my feeling that business as a whole has conducted itself magnificently during the war years and that those of you who have carried on the job of war production in all its varied phases have every reason to feel proud of your contribution to the national cause.

Every age has its mythology - ours no less than times gone by. Myths, I think, are something like currency, and Gresham's law is about as applicable to the one as to the other.

2380
116

This is to say, paraphrasing Gresham a little bit, that, of two forms of myth, the inferior or more depreciated tends to drive the other out of circulation. And this is particularly true in a period when propaganda has been elevated into something of a science. For propaganda is a form of counterfeiting.

I make this somewhat philosophical approach because I want to say something about myths this evening - in particular about one myth which seems to me one of the most remarkable propaganda achievements of our time. Let me state the myth for you as it was expounded earlier this year by the Republican Presidential Candidate in his acceptance address:

2264
111
2153

- 3 -

The present Administration - I quote his own words - "has been consistently hostile to and abusive of American business and American industry, although it is in business and industry that most of us make our living."

Now I do not mean for a moment to suggest that the myth - in this particular instance - was invented by the candidate. On the contrary, it is one of the most hackneyed, time-worn and over-worked myths of the present day. It has been in circulation, I should guess, for pretty nearly a full decade.

2153
91

It was tried out with great gusto by campaign orators in 1936, was dusted off and trotted forth as a brand new discovery in 1940; and today - such is the originality of its sponsors - it is being tried again, evidently on the assumption that if it is repeated often enough somebody may believe it. The technique is a well-known one.

It is about time, I think, to take a good close look at this myth. Let us leave the war years altogether out of account for the moment and go back instead to the 7-year period before 1940 when the Administration halted the precipitous deflation of the early '30's and built up steam in a cold boiler to start industry once more on the upgrade. It is this period which the Republican Candidate is pleased to call "The Roosevelt depression".

- 5 -

I am glad to think that time has dimmed the memory of the dark days before Franklin D. Roosevelt revived our faith in ourselves by telling us that the only thing we had to fear was fear itself. In 1932, the year before he took office, corporations reporting to the Bureau of Internal Revenue showed an aggregate loss of more than 4 billion dollars.

By 1934, the present Administration had abused business and industry to such an extent that they began to report profits instead of losses to the Bureau of Internal Revenue. The profits of corporations that year - after payment of taxes - amounted to \$2,374,000,000.

- 6 -

Net profits rose steadily each year after that, except during the recession of 1938, until by 1939 they stood at about six billions. $\frac{1}{4}$

All right, now let's take a look at the record of retail trade during this period. Total retail sales in 1933 amounted to 24-1/2 billion dollars. In 1939, they were better than 42 billions, an increase of 71 per cent. If this was abuse, I have an idea that most retailers would like to be abused constantly.

The steel industry affords a pretty good clue to our general economic health. In 1932, it was operating at 20 per cent of its capacity. In 1939, before the war orders began to come in, at 65 per cent.

1800
- 135
1665

- 7 -

The United States Steel Corporation had a net income in 1932 of minus 71 million dollars. That was when it was functioning under an Administration that professed great friendship for business. In 1939, U. S. Steel was ruthlessly forced to relinquish the pleasure of taking such a loss; the New Deal abused it into accepting a net profit of 41 millions.

There wasn't anything special about the experience of the United States Steel Corporation. Manufacturing concerns in general reported themselves in the red for 1932 to the tune of \$1,600,000,000. In 1939, they were three billion dollars in the black.

- 8 -

Well, here is the record, open for examination to any one who wants to read it. If it is a record of hostility and abuse, then words, I think, have altogether lost their meaning. Businessmen are generally known to be pretty practical fellows not easily terrified by phoney labels. Your presence here tonight testifies to this. You have found the proof of your pudding in the eating.

Of course, there is not now, and there never has been, any enmity on the part of the Roosevelt Administration toward business and industry. What there is, and has been from its inception, is a firm determination to avoid the kind of quicksand crust of fake prosperity on which this Nation danced such a frenzied jig during the twenties.

1553
126

- 9 -

There was nothing solid underneath it because millions of Americans were unemployed or employed at such low wages that they could not maintain a decent standard of living. It was inevitable that we should crash through such a crust as we did so tragically in 1929.

This Administration has sought, instead, to develop a balanced and expanding economy, based on a high volume of purchasing power. It has recognized that enduring prosperity must have a solid foundation, that it must be built from the ground up. It has operated on the premise that what advances the general welfare of the people of the United States also advances the welfare of the business and industry in which they engage.

1427
120
1307

- 10 -

And this is the very simple explanation for the growth in corporate profits which I have noted - for the increase in dividend payments, for the mounting volume of trade, for the expansion of production. Under this Administration, the American people as a whole have been earning the money with which to buy the goods and services which business and industry have for sale.

The Roosevelt Administration has had so much faith - and such genuine faith - in the free enterprise system that it has sought to keep it free. I think that no young man who wants to start in business for himself will feel abused by an Administration which protects him from the shackling influence of monopoly. $\frac{1}{2}$

- 10 -

And this is the very simple explanation for the growth in corporate profits which I have noted - for the increase in dividend payments, for the mounting volume of trade, for the expansion of production. Under this Administration, the American people as a whole have been earning the money with which to buy the goods and services which business and industry have for sale.

The Roosevelt Administration has had so much faith - and such genuine faith - in the free enterprise system that it has sought to keep it free. I think that no young man who wants to start in business for himself will feel abused by an Administration which protects him from the shackling influence of monopoly. $\frac{1}{2}$

1307
112

- 11 -

I think that no banker or broker who wants the public to invest in an honest enterprise will feel abused by an Administration which protects him from the competition of irresponsible market manipulators and gold brick salesmen. I think that no honest employer will feel abused by an Administration which protects him from the competition of sweatshops.

These and other measures instituted under the New Deal have given American enterprise real freedom. To speak of them as abusive is as absurd as to speak of a surgeon as abusive because he cuts out an inflamed appendix or a cancerous growth. Business and industry in America are healthier today and have greater opportunities for the future because this Administration has been a true friend to them.

1190
128

- 12 -

Oh, yes, I know that the opposition now endorses these reforms and any evening on the air you can hear the Johnnies-come-lately hollering "me, too." But you can also hear them hollering that the present Administration "has been consistently hostile to and abusive of American business and industry." And I think that you can get from this a fair measure of their sincerity.

There are, I think, real enemies of business - important and powerful enemies - some of them within the ranks of business itself who would undermine the very foundations of free enterprise.

1065
95

- 13 -

They are the "business as usual boys" who opposed the conversion of industry from peace to war. They are the men who fought price control and renegotiation - who would have risked the danger of inflation for extra profits for themselves. They are the men who fought collective bargaining, minimum wages, social security and the other social gains of this Administration. They are the monopolists who favor restricted industrial output and restricted credit at high interest rates and restricted markets at home and abroad.

Yes, business has its enemies. But they are not, I am certain, representative of American businessmen and they are not in the Roosevelt Administration.

990
102

Now, I want to turn for a moment to the war years. The achievement of the American industrial machine during this war has brought heart and hope and wonder to our friends, consternation and despair to our enemies. We have kept our pledge to serve as the arsenal of democracy. We have built and equipped a mammoth army of our own and the greatest navy in the world. And at the same time we have met all the essential needs of our civilian economy. Business itself deserves immense credit for this accomplishment. But does any one seriously think these things could have been done without a well balanced economy developed before the war began?

869
114
749

- 15 -

Business itself has fared pretty well in the performance of its magnificent production job. The total of corporate profits for the year 1943, after payment of taxes and after renegotiation, was the highest in the history of this Nation - higher even than in the frenzied boom of 1929.

This war prosperity has been well balanced. I am glad to say that it has created few war millionaires, for the rise in profits has been distributed throughout the business community. The virtual absence of war-made fortunes represents the combined results of a wise policy of military procurement, the success of the policy of economic stabilization, the operation of the excess profits tax, and the commendable restraint exercised by business itself. ^{3/4}

749
124
625

- 16 -

The prosperity of the smaller concerns is less easily observed than that of the large publicly owned corporations, but it has been actually even greater. A survey of the relative movement of the profits of large and small companies in eight major industrial groups, made jointly by the Board of Governors of the Federal Reserve System and Robert Morris Associates, shows that in each group the smaller concerns have, during the wartime period, improved their profit position relative to the larger companies.

But what is much more important to business in the long run than its profits during the war itself is the fact that, despite the conversion of our resources to war production, the domestic economy has been kept sound and stable.

605
103
502

There has been no out-of-hand inflation in the course of this conflict. The purchasing power of the American dollar has been kept firm. You must certainly credit this in large measure, I believe, to the stabilization program and the methods of war finance undertaken by your Government. The economic policies pursued in the war years have safeguarded business and industry not only against inflation but also against the disastrous sort of deflation which struck this country in 1920 and 1921.

We in the Treasury have conducted our fiscal operations in such a way as to minimize the post-war burden of the debt and to promote mass buying power and balance in the post-war economy. Business will have these assets in meeting the problems of reconversion:

517
132
370

(1) 85 million individual investors have purchased bonds of their Government with an aggregate value of 23 billion dollars. These bonds, non-negotiable and with a guaranteed redemption value, assure their holders against market fluctuations and give them a sense of security which will enable them to spend their current incomes for consumer goods when these become available.

(2) Interest rates have been kept low, averaging about 1-3/4% in comparison with 4-1/4% in the first World War; the reduction will not only save about four billion dollars annually in the post-war Federal budget but will also give business much more favorable borrowing opportunities than it had at the end of World War I.

370
119
251

- 19 -

(3) Securities sold to banks and corporations, all of them of short maturity, have provided an unparalleled liquidity which should assist greatly in the financing of post-war reconversion and expansion.

(4) Provision has been made for the refunding of excess profits taxes to guarantee corporations against losses in the years immediately following the war.

Can any reasonable man find in such measures an indication of hostility to American business and American industry? No, I think the Republican candidate has been engaged - and not for the first time - in the prosecution of a myth.

251
94
157

Business and industry have a role of vital responsibility to play in the development of the future. They must serve as its generators. They must be, in the future as they have been in the past, the initiators of economic progress. Theirs must be the ingenuity, the know-how, the enterprise needed to find new products, build new plants, develop new techniques. It is to them that Americans look for the expansion of production and the creation of new jobs and the lifting of our living standards.

157
82

- 21 -

Business can and will fulfill these hopes. But it can fulfill them only in partnership with an Administration which will support it, not with fair words and special benefits, but with a dynamic program of economic development for all the people. It is this kind of friendship for business, as for agriculture and labor, which the Roosevelt Administration has practiced and will continue to practice while it is in office.

70
70

10/26/44 Copy which Mrs. Gorton approved and from which

I have come here tonight to talk to you business men about business and to discuss with you how you have fared under Mr. Roosevelt's Administration.

final reading copy was made.

I should like to express to you at the outset my feeling that business as a whole has conducted itself magnificently during the war years and that those of you who have carried on the job of war production in all its varied phases have every reason to feel proud of your contribution to the national cause.

Every age has its mythology - ours no less than times gone by. Myths, I think, are something like currency, and Gresham's law is about as applicable to the one as to the other.

WJ

- 2 -

This is to say, paraphrasing Gresham a little bit, that, of two forms of myth, the inferior or more depreciated tends to drive the other out of circulation. And this is particularly true in a period when propaganda has been elevated into something of a science. For propaganda is a form of counterfeiting.

I make this somewhat philosophical approach because I want to say something about myths this evening - in particular about one myth which seems to me one of the most remarkable propaganda ^{efforts} ~~achievements~~ of our time.

Let me state the myth for you as it was expounded earlier this year by the Republican Presidential Candidate in his acceptance address:

Weg

- 3 -

The present Administration - I quote his own words -
"has been consistently hostile to and abusive of
American business and American industry, although
it is in business and industry that most of us make
our living."

Now I do not mean for a moment to suggest that
the myth - in this particular instance - was invented
by the candidate. On the contrary, it is one of the
most hackneyed, time-worn and over-worked myths of
the present day. It has been in circulation, I should
guess, for pretty nearly a full decade.

It was tried out with great gusto by campaign orators in 1936, was dusted off and trotted forth as a brand new discovery in 1940; and today - such is the originality of its sponsors - it is being tried again, ~~evidently on the assumption that if it is repeated often enough somebody may believe it. The technique is a well-known one.~~

It is about time, I think, to take a good close look at this myth. Let us leave the war years altogether out of account for the moment and go back instead to the 7-year period before 1940 when the Administration halted the precipitous deflation of the early '30's and built up steam in a cold boiler to start industry once more on the upgrade. It is this period which the Republican Candidate is pleased to call "The Roosevelt depression".

- 5 -

I am glad to think that time has dimmed the memory of the dark days before Franklin D. Roosevelt revived our faith in ourselves by telling us that the only thing we had to fear was fear itself. In 1932, the year before he took office, corporations reporting to the Bureau of Internal Revenue showed an aggregate loss of more than 4 billion dollars.

By 1934, the present Administration had abused business and industry to such an extent that they began to report profits instead of losses to the Bureau of Internal Revenue. The profits of corporations that year - after payment of taxes - amounted to \$2,374,000,000.

- 6 -

Net profits rose steadily each year after that, except during the recession of 1938, until by 1939 they stood at about six billions.

All right, now let's take a look at the record of retail trade during this period. Total retail sales in 1933 amounted to 24-1/2 billion dollars. In 1939, they were better than 42 billions, an increase of 71 per cent. If this was abuse, I have an idea that most retailers would like to be abused constantly.

The steel industry affords a pretty good clue to our general economic health. In 1932, it was operating at 20 per cent of its capacity. In 1939, before the war orders began to come in, at 65 per cent.

2/4

- 7 -

The United States Steel Corporation had a net
- *That is, it suffered a net loss of that amount.*
income in 1932 of minus 71 million dollars. That was
when it was functioning under an Administration that
professed great friendship for business. In 1939,
U. S. Steel was ruthlessly forced to relinquish the
pleasure of taking such a loss; the New Deal abused
it into accepting a net profit of 41 millions.

There wasn't anything special about the experience
of the United States Steel Corporation. Manufacturing
concerns in general reported themselves in the red
for 1932 to the tune of \$1,600,000,000. In 1939, they
were three billion dollars in the black.

- 8 -

Well, here is the record, open for examination to any one who wants to read it. If it is a record of hostility and abuse, then words, I think, have altogether lost their meaning. Businessmen are generally known to be pretty practical fellows not easily terrified by phoney labels. Your presence here tonight testifies to this. You have found the proof of your pudding in the eating.

Of course, there is ~~not now, and there never~~
~~has been, nor~~ ^{no} enmity on the part of the Roosevelt Administration toward business and industry. ~~What~~
There is ^{simply} ~~and has been from its inception,~~ a firm determination to avoid the kind of quicksand crust of fake prosperity on which this Nation danced such a frenzied jig during the twenties.



- 9 -

~~There was nothing solid underneath it because millions of Americans were unemployed or employed at such low wages that they could not maintain a decent standard of living. It was inevitable that we should crash through such a crust as we did so tragically in 1929.~~

This Administration has sought, instead, to develop a balanced and expanding economy, based on a high volume of purchasing power. It has recognized that enduring prosperity must have a solid foundation, that it must be built from the ground up. It has operated on the premise that what advances the general welfare of the people of the United States also advances the welfare of the business and industry in which they engage.

719

- 10 -

And this is the very simple explanation for the growth in corporate profits which I have noted - for the increase in dividend payments, for the mounting volume of trade, for the expansion of production. Under this Administration, the American people as a whole have been earning the money with which to buy the goods and services which business and industry have for sale.

The Roosevelt Administration has had so much faith - and such genuine faith - in the free enterprise system that it has sought to keep it free. I think that no young man who wants to start in business for himself will feel abused by an Administration which protects him from the shackling influence of monopoly.

1159

- 11 -

I think that no banker or broker who wants the public to invest in an honest enterprise will feel abused by an Administration which protects him from the competition of irresponsible market manipulators and gold brick salesmen. I think that no honest employer will feel abused by an Administration which protects him from the competition of sweatshops.

These and other measures instituted under the New Deal have given American enterprise real freedom. To speak of them as abusive is as absurd as to speak of a surgeon as abusive because he cuts out an inflamed appendix or a cancerous growth. Business and industry in America are healthier today and have greater opportunities for the future because this Administration has been a true friend to them.

114

- 12 -

Oh, yes, I know that the opposition now endorses *the Roosevelt* these reforms and any evening on the air you can hear the Johnnies-come-lately hollering "me, too." But you can also hear them hollering that the present Administration "has been consistently hostile to and abusive of American business and industry." And I think that you can get from this a fair measure of their sincerity.

There are, I think, real enemies of business - important and powerful enemies - some of them within the ranks of business itself, ~~who would undermine the very~~ ~~foundations of free enterprise.~~

1/16/41

- 13 -

They are the "business as usual" boys who opposed the conversion of industry from peace to war. They are the men who fought price control and renegotiation - who would have risked the danger of inflation for extra profits for themselves. They are the men who fought collective bargaining, minimum wages, social security and the other social gains of this Administration. They are the monopolists who favor restricted industrial output and restricted credit at high interest rates and restricted markets at home and abroad.

Yes, business has its enemies. But they are not, I am certain, representative of American businessmen, and they are not in the Roosevelt Administration.

Now, I want to turn for a moment to the war years. The achievement of the American industrial machine during this war has brought heart and hope and wonder to our friends, consternation and despair to our enemies. We have kept our pledge to serve as the arsenal of democracy. We have built and equipped a mammoth army of our own and the greatest navy in the world. And at the same time we have met all the essential needs of our civilian economy. Business itself deserves immense credit for this accomplishment. But does any one seriously think these things could have been done without a well balanced economy developed before the war began?

WJ

- 15 -

Business itself has fared pretty well in the performance of its magnificent production job. The total of corporate profits for the year 1943, after payment of taxes and after renegotiation, was the highest in the history of this Nation - higher even than in the frenzied boom of 1929.

This war prosperity has been well balanced. I am glad to say that it has created few war millionaires, for the rise in profits has been distributed throughout the business community. ~~The virtual absence of war-made fortunes represents the combined results of a wise policy of military procurement, the success of the policy of economic stabilization, the operation of the excess profits tax, and the commendable restraint exercised by business itself.~~

104

The prosperity of the smaller concerns is less

easily observed than that of the large ~~publicly owned~~

but, according to a survey made jointly by the Federal Reserve System and
corporations, ~~but it has been actually even greater.~~

~~A survey of the relative movement of the profits of~~
there has been an even greater increase
~~large and small companies in eight major industrial~~
in the profits of the smaller
~~groups, made jointly by the Board of Governors of~~
business.

~~the Federal Reserve System and Robert Morris Associates,~~

~~shows that in each group the smaller concerns have,~~

~~during the wartime period, improved their profit position~~

~~relative to the larger companies.~~

~~and~~ What is much more important to business in the long run than its profits during the war itself is the fact that, despite the conversion of our resources to war production, the domestic economy has been kept sound and stable.

There has been no out-of-hand inflation in the course of this conflict. The purchasing power of the American dollar has been kept firm. You must certainly credit this in large measure, I believe, to the stabilization program and the methods of war finance undertaken by your Government. The economic policies pursued in the war years have safeguarded business and industry not only against inflation but also against the disastrous sort of deflation which struck this country in 1920 and 1921.

We in the Treasury have conducted our fiscal operations in such a way as to minimize the post-war burden of the debt and to promote mass buying power and balance in the post-war economy. Business will have these assets in meeting the problems of reconversion:

(Handwritten initials)

More than
(1) 85 million individual investors have purchased bonds of their Government, *and the* ~~with an~~ aggregate value of ~~the~~ *bonds held by individuals is now 48 billion* billion dollars. These bonds, ~~non negotiable and with~~ ~~a guaranteed redemption value,~~ ~~assure their holders~~ *their holders generally* ~~against market fluctuations and give them a sense of~~ security which will enable them to spend their current incomes for consumer goods when these become available.

(2) Interest rates have been kept low, averaging about 1-3/4% in comparison with 4-1/4% in the first World War; the reduction will not only save about four billion dollars annually in the post-war Federal budget but will also give business much more favorable borrowing opportunities than it had at the end of World War I.

W9

- 19 -

most (3) Securities sold to banks and corporations,
all of them of short maturity, have provided an unparalleled
liquidity which should assist greatly in the financing
of post-war reconversion and expansion.

(4) Provision has been made for the refunding
of excess profits taxes to ^{*cushion*} ~~guarantee~~ corporations
against losses in the years immediately following the
war.

Can any reasonable man find in such measures an
indication of hostility to American business and
American industry? No, I think the Republican candidate
has been engaged - and not for the first time - in
the prosecution of a myth.

11/91

Business and industry have a role of vital responsibility to play in the development of the future. ~~They must be as in the past.~~ They must be, in the future as they have been in the past, the initiators of economic progress. Theirs must be the ingenuity, the know-how, the enterprise needed to find new products, build new plants, develop new techniques. It is to them that Americans look for the expansion of production and the creation of new jobs and the lifting of our living standards.

1/21

Business can and will fulfill these hopes. But it can fulfill them only in partnership with an Administration which will support it, not with fair words and special benefits, but with a dynamic program of economic development for all the people. It is this kind of friendship for business, as for agriculture and labor, which the Roosevelt Administration has practiced and will continue to practice while it is in office.

f

WJ

October 26, 1944

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

(For your information; no action required)

Judge Rosenman's secretary indicated that he would be glad for any comments on the page from the proposed speech which I showed you this morning, so I prepared and sent him the attached letter.

Attachment

RIB

COPY

October 26, 1944

My dear Judge Rosenman:

In response to your request the following comments are made regarding the page being returned herewith.

I assume that the emphasis on risk capital and plant expansion and the interruption of the flow of thought on that subject to introduce the paragraph on tax reduction, grow out of the preceding part of the speech, and that this page will in its setting in the speech not be interpreted as a statement of policy on postwar taxes. I would regret having this narrow segment of policy so interpreted by listeners or readers.

The second sentence in the first paragraph gives the impression that all rates will be reduced by the same proportion or to the same level. In view of the fact that in the next paragraph the general level of rates is made to depend on security considerations and not on employment considerations, it might be well in the first paragraph to speak of "levels" instead of "a level." This change would give the idea of different adjustments for different taxes. Thus, the sentence would read: "They must be fixed after the war at levels which . . ."

The sentence "I have yet to meet any taxpayer who wants to see higher taxes," may suggest to some that the Administration admits it was wrong in asking for higher taxes a year ago and that the President was wrong in vetoing a tax bill which was too small. Perhaps it is not the taxpayer but responsible policymakers whose opinion should be used in comparison, and is it not lower taxes instead of higher taxes that should be emphasized? Perhaps the sentence might be revised to read: "I have yet to meet anyone who will not be very happy to see lower taxes."

- 2 -

The grammatical construction of the middle sentence of the last paragraph might be improved by revising part of the middle sentence in the last paragraph to read somewhat as follows: "By substantially accelerating the rate of depreciation for tax purposes on newly constructed plants and facilities, we provide businessmen with additional incentives to expand their plants and to replace old and obsolete machinery with modern equipment.

Sincerely yours,

(s) Roy Blough
Director of Tax Research

The Honorable Samuel I. Rosenman
The White House

Enclosure

OCT 26 1944

Dear Eleanor:

I have had the Treasury staff examine the letters of September 21, 1944 and October 19, 1944 which you received from Mr. Sam J. Huns, of Salem, Oregon.

The memorandum which has been prepared in the Treasury on production for use is enclosed, together with the letters from Mr. Huns.

Affectionately,

(Signed) Henry

Mr. Eleanor Roosevelt,
The White House,
Washington, D. C.

Enclosure.

MEMORANDUM:

By production for use we usually mean production which is motivated not for the sake of profits but is undertaken directly for the satisfaction of human wants.

The method of production we generally use is production for profit. The kinds and amounts of goods produced depend on prices and profits. That means business produces those things which can be sold at prices that cover costs plus a reasonable profit. It also means that when there is no likelihood of profits, there is unemployment. In the broad sense, production for use means production of goods in kinds and amounts to meet a program of planned uses for the goods produced. An economic system based on such a method of production and consumption is a socialist system.

We have, of course, some production for use in this special sense in our present economic system. In time of war a good deal of the output is directly planned to meet the Government's war needs, although the production yields profits to business. Even in peace some of our output is not produced primarily for profit. The TVA and the operation of public utilities by our municipalities represent a form of production for use rather than for profit. Nearly all of the Government's activities are not primarily for profit. And even some private undertakings, such as hospitals and educational institutions, are operated on a production for use principle. This is true even though the services may be sold as a means for distribution.

It may be found desirable even in a predominantly capitalist system to extend production for use by the Government into more fields. Thus, in some countries the government has taken over railroads, telephones and telegraphs and other industries which are of special concern to the public. The chief advantage of government ownership and operation is supposed to be that production, distribution and investment policies can be determined in the light of the needs of the community rather than from the standpoint of maximizing profits. On the other hand, many people regard the price and profit method of production as giving more range to individual choice and as more efficient technically in production.

During the depression of the early 1930's a new concept of production for use was advanced according to which the product would not be sold on the market but would be consumed directly by the producers. When Upton Sinclair was running for Governor of California he advocated a plan under which the unemployed would be

- 2 -

put to work making things to be consumed by themselves or traded among themselves and not sold on the market. This type of production for use is an attempt to solve the paradox of unemployment and want in the midst of market surpluses. It is based on the view that it is better for workers to produce something for themselves rather than to remain idle because there is no market for their products.

Even though production for home consumption or for barter is far better than unemployment and want, it is by no means the best solution to the problem. Production under such a system will be inefficient because of a lack of capital and the absence of specialization. It would be far better to put unemployed people to work efficiently producing things that are needed and earning enough with which to buy the efficiently produced commodities of modern industry.

There are many things that we all need even when people are unemployed. We need houses and apartments to eliminate our slums. We need more TVA's to provide cheap electricity, more productive farm lands and flood control. We might span the continent with wide highways which, if necessary, could be made self-liquidating by charging tolls. These and many other things could be done to provide employment within the capitalist system during depression. And these things would be more useful to the people and more remunerative to the workers than making things to be consumed directly by the unemployed.

THE WHITE HOUSE
WASHINGTON

White

October 16, 1944.

Dear Henry:

I am enclosing letters from
Mr. Sam J. Harms of Salem, Oregon.

Do your experts think some
production for use is necessary on a
non-profit basis?

I will appreciate the return
of the enclosed letters.

Affectionately,



C
O
P
Y

SAM J. HARMS
 Printing
 379 North Cottage Street
 Phone 3339

Salem, Oregon

Oct. 10, 1944

Mrs. Eleanor Roosevelt
 The White House
 Washington, D. C.

Dear Mrs. Roosevelt:

Thanks for the acknowledgment of my recent letter. I regret that I did not make my position sufficiently clear.

My phrase, "Not on a competitive basis can this (world peace) be accomplished", is, of course, the basis for all arguments for a change in our economy. And a "plenty for all" program requires world-cooperation. This is being suggested thru various methods, including the Soviet Union's example.

Of all these patterns, the most American one, I would say, is a combination of various progressive movements, including Technocracy, a production-for-use program for our wonderfully developed technology.

To overcome that surplus which private industry cannot help but produce, which surplus is the rock on which our economy periodically founders, with its chaotic depressions and wars, — it is my conviction that the majority of our people would get the point if the matter were explained by the president who really commands an audience of millions as compared to the small numbers listening to other speakers. In that way would we lead the world for peace, which course other nations would be only too willing to follow.

Let us be done with forever "maddling thru."

Most sincerely yours

(signed) Sam J. Harms

SAM J. HARME
 Printing
 379 North Cottage Street
 Phone 3339

Salem, Oregon

Sept. 21, 1944

Mrs. Eleanor Roosevelt
 The White House
 Washington, D. C.

Dear Mrs. Roosevelt:

In conversing with an exceptionally well informed humanist only yesterday, I was strengthened in my desire to write you, in the hope that I may add whatever is in my power to assist in the establishment of permanent peace on earth.

The point that my friend made was this: "We won the last war; we will win this one; but I am not so sure that we can win the next one," (going into the proportion of Caucasians vs. Colored races.)

There is, I firmly believe, a way out of these ever recurring conflicts. Not on a competitive basis, however, can this be accomplished, as history only too well proves. What is true in our own country is equally true elsewhere: a system which cannot maintain itself without depressions here cannot but do likewise throughout the world. Therefore, why not in the name of humanity change to a better way, where there would be plenty for all, including those who for utterly selfish reasons insist on much more than their proportionate share, depriving the majority of their necessary portion? Why should this small group bring periodic chaos to the world with its terrible slaughter and suffering?

My dear Mrs. Roosevelt, it may be a big order; but I believe permanent peace is within grasp of the world if our president will say the word. It may be dangerous, but the opportunity is at hand. Reason and experience demand it, and no greater cause was ever placed into any man's decision than what now confronts the president.

What an unfathomable opportunity! Regardless of personal consequences to Mr. Roosevelt, the future would designate this particular time as the turning point in history from war to peace. Force and preparedness will not guarantee peace, but good will and a lifting up of all mankind through technology, can and will accomplish just that.

How I hope you can see this vision! The time to act is now. Were the president sold on these facts, and were he to go on the radio and talk to the people in his masterful way, he would be called blessed by 99% of the people the world over. Why should the very small percentage selfishly dominate the world to the utter ruination and destruction of the great majority?

- 2 -

Yes, it would take courage to do this, but the average American would go along with such a program. It would assure the re-election of our humanitarian administration, which, however, would be as nothing compared to the glorious example set for the world by its leading nation.

Cordially and most sincerely yours

(signed) Sam J. Hays

COMBINED COMMITTEE ON
LEND LEASE

October 26, 1944

MEMORANDUM TO COMMITTEE MEMBERS

This memorandum has been furnished by the British Delegation to indicate more precisely in writing the suggestions which Lord Keynes made orally the other day.

Frank Coe
Secretary, CCLL

TOP SECRET

REASONS FOR FIXING DECEMBER 1st AS THE DATE FOR
THE ABOLITION OF WHITE PAPER RESTRICTIONS ON BRITISH
EXPORTS AND SUGGESTIONS FOR DEALING WITH THE PROBLEM OF STOCKS

There is no question now or during Stage II of allowing exports to take priority over war needs. The vast bulk of British exports cannot be produced until after the military Stage II programme comes into effect, and will then be subject always to prior military requirements. The manpower figures in the British document (page 1 of Annex C) show that in comparison with earlier periods, employment directly on exports in the first year of Stage II is planned as follows:-

	<u>No. employed in '000</u>
Mid 1939	1,300
Mid 1944	300
Stage II - Average of 1st year	610
" - End of 1st year	1,150

In this context the "1st year of Stage II" can only mean the twelve months after V-E day, so that it can be asserted with reasonable confidence that there is no possibility of a substantial increase in British exports for at least three months after December 1st, 1944. On the other hand, some cutbacks have already taken place in the U.K. (as they have in the U.S.A.) and more may follow as V-E day approaches. There are also some spare pockets of available capacity which appear from time to time.

Under the present regime of the White Paper, manufacturers who have such spare capacity (as a result either of cutbacks or for other reasons) are in most cases prevented not only from exporting, but in practice from taking orders with any kind of certainty about delivery dates, since although supply considerations permit manufacture, export licences have to be withheld solely on White Paper grounds.

It is an additional difficulty that the goods which could be exported after, and only after, the fixed date would

have to be defined. The exports to which the White Paper restrictions apply have been determined administratively, but could not be publicly defined in any way which would be either clear or acceptable. It is for this reason also that we think it essential that an early date of complete release should be fixed.

That this date should be as soon as immediately practicable is demonstrated first by the fact that some cut-backs have already taken place, and secondly by the enormous short fall in exports which has directed British political and industrial opinion to the need for an early removal of all obstacles to exports, subject to the over-riding need to prosecute the war against Germany and then against Japan.

It was to assist an agreement on the early date of December 1st, 1944, that we proposed to take certain materials off Lend-Lease at the same fixed date, whereas the military programmes, which were couched in terms of Stage II, provided for reconsideration if the German war should be prolonged beyond January 1st, 1945. We have not asked for any similar proviso about raw materials.

If this is accepted, there remains the question how to deal with stocks of Lend-Lease materials -

- (a) in respect of those remaining on Lend-Lease
- (b) in respect of those coming off Lend-Lease on December 1st, in so far as there are Lend-Lease stocks remaining.

On (a) we have proposed two solutions. First we suggest that no restrictions on use need apply in the case e.g. of rubber, where we supply natural rubber on Mutual Aid and obtain synthetic on Lend-Lease. Secondly, as in the case e.g. of cotton, wood pulp and lumber, we undertake to pay cash in so far as our use in export exceeds our supply from sources other than Lend-Lease. (This principle has applied for over three years to cotton). In so far as there are significant stocks of any of the latter class of materials, the net rise or fall over a period in stocks either of Lend-Lease or of other

material, could be counted as an increase or decrease in our current supply from these sources respectively.

On (b) we suggest that a combination of the following principles as appropriate might account for the stocks of Lend-Lease material remaining on December 1st:-

(i) A declaration that the stock would be assigned to military (or alternatively military and civil) end use within say the next six months after the fixed date. This is in accordance with the principle by which we have transferred to the military programme certain materials such as nylon for parachutes.

(ii) A process of setting off against stocks of Lend-Lease material at December 1st, the net cash stock at the date of the White Paper, i.e. the stock which we had paid for or produced ourselves, but which the White Paper stopped us from using. (By net is meant stock of materials purchased for dollars, or imported from elsewhere than the U.S.A. or produced in the U.K., less any Lend-Lease supplies received before the date of the White Paper).

(iii) Agreement that the existing Lend-Lease stocks or its likely use in exports is insignificant. (This concession has been in force under the White Paper regime).

(iv) Declaration of some stock as unusable and therefore surplus, leading to its recapture by the U.S.G.

Until we have precise figures it is not possible to say how these principles would apply to the various items proposed for taking off Lend-Lease. It seems likely, however, that steel, which is by far the biggest single item, could be dealt with under a combination of principles (i) and (ii) above, with perhaps some items dealt with under (iv). Molybdenum might be dealt with under (i), while for many chemical items (iii) might be appropriate.

25th October 1944.

CABLE TO AMBASSADOR WINANT, LONDON, FROM WAR REFUGEE BOARD

Please deliver the following message to Sir Herbert Emerson from
Mr. Joseph Schwartz, American Jewish Joint Distribution Committee:

QUOTE JEWISH AGENCY REPRESENTATIVES HERE HAVE INFORMED US
CONFIDENTIALLY OF CABLE ADVICE THEY RECEIVED FROM PALESTINE
THAT PALESTINE GOVERNMENT HAS APPROVED IMMIGRATION SCHEDULE
FOR NEXT SIX MONTHS FOR 10,000 INCLUDING 3,200 CHILDREN FROM
FRANCE BELGIUM SWITZERLAND STOP WE EXPLORING WITH OUR
AUTHORITIES TRANSPORTATION POSSIBILITIES WHICH UNDER PRESENT
CONDITIONS ONLY GOVERNMENTS CAN MAKE AVAILABLE ALSO SIZE AND
SCOPE THIS PROJECT PLACES IT IN OUR OPINION BEYOND THE RE-
SOURCES OF VOLUNTARY AGENCIES STOP VIEW FACT MANY OF THESE
CHILDREN STATELESS ORPHANS OR CHILDREN WHOSE PARENTS HAVE BEEN
DEPORTED WOULD APPRECIATE ANY SUGGESTIONS YOU MIGHT HAVE RE-
GARDING THEIR EARLY EVACUATION STOP HOPE DISCUSS THIS WITH
YOU IN PERSON ON MY ARRIVAL LONDON UNQUOTE

THIS IS WRB LONDON CABLE NO. 17.

4:30 p.m.
October 26, 1944

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

October 26, 1944
11 p.m.

AMEMBASSY

LONDON

8948

The following for Mann from Pehle is WRB 16.

Reference is made to program of Queen Wilhelmina Fund (similar to Czechoslovak, French and Polish projects being operated from London). Queen Wilhelmina Fund remitted \$90,000 for its project to McClelland and for disbursing by trustees, Clement and Krier, in Switzerland. We and interested groups here have just been advised that Oldenbruck, Dutch Trade Union representative in London, with whom labor relief organizations discussed project at time Oldenbruck was in United States, negotiated (without prior notice to interested groups here) with Dutch Government which arranged for the equivalent of \$90,000 to be made available in Holland. Dutch Government now desires to be reimbursed by payment to Dutch Minister in Bern. We are authorizing McClelland, Clement and Krier to make such payment to the Dutch Minister, provided assurances are received that equivalent has been made available in Holland.

Interested groups here request that you advise Oldenbruck that any future transactions of the foregoing type should be cleared by him with the interested groups in this country before effectuation. Since license requires reports, please obtain report from Oldenbruck concerning use of the \$90,000 in question.

STETTINIUS
(Acting)
(SHW)

WRB:MMV:KG 10/25/44

FROM: Secretary of State, Washington
 TO: American Vatican, Rome
 DATE: October 26, 1944
 NUMBER: 56

SECRET

For Myron Taylor, Rome, Italy.

With reference to Bern's 6938 of October 19 repeated to Ampold for Ackeram, the following letter has been addressed to the Apostolic Delegate in Washington by WBB:

QUOTE The following is the substance of a message received by the Board from its representative in Bern under date of October 19:

INNER QUOTE A courier who recently arrived in Seltzerland from Bratislava reports that 300 to 400 Jews holding Latin American documents have been arrested in that city. He further reports that, although they were first interned at Marthal near Bratislava, they were summarily transported, possibly to Germany, on or about October 8. The Slovak Government, according to the courier, is aware of their destination. Of this group, 90 hold national certificates of El Salvador while Paraguayan passports are held by the others. END OF INNER QUOTE

You will note that the report above quoted speaks as of a date subsequent to the reports referred to in your letter of October 14.

It would be of invaluable assistance to the Board if it could ascertain where the Germans intend to locate this group. For this reason, the Board would greatly appreciate it if the Holy See were to find it appropriate to attempt to secure through the Minchature at Bratislava, or otherwise, such and any other information which may be available regarding the group mentioned or any similar groups. It would greatly facilitate the Board's efforts if the Holy See would make such information, when received, directly available to the American Missions in Bern and Madrid. UNQUOTE

The Board would appreciate any assistance you can lend in this matter.

STEVINITUS
 ACTING

Mrs. Channing (for the Sec'y) Abramson, Austin, Coak, Drury, Dabbs, Friedman, Gaston, Hodal, Lesser, Harter, Hanson, McCormack, Pells, Tills.

CABLE TO AMERICAN CONSULATE, JERUSALEM, FROM WAR REFUGEE BOARD

Please deliver the following message to Charles Passmann, from
Dr. Schwartz, American Jewish Joint Distribution Committee:

QUOTE IN VIEW CRITICAL SITUATION RUMANIA, BULGARIA STRONGLY
URGE YOU RETURN ISTANBUL SOONEST ORDER PROCEED FROM THERE TO
BALKANS AT EARLIEST OPPORTUNITY STOP WE HAVE UNDERTAKEN ALL
POSSIBLE STEPS HERE FACILITATE YOUR ENTRY AND HOPE HAVE
DEFINITE INFORMATION SHORTLY STOP BELIEVE HOWEVER YOUR EARLY
RETURN ISTANBUL HIGHLY DESIRABLE UNQUOTE

9:45 a.m.
October 26, 1944

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Lisbon

TO: Secretary of State, Washington

DATED: October 26, 1944

NUMBER: 3263

CONFIDENTIAL

Embassy does not know to what news service to attribute Governor Dewey's statement, nor source of issuance. Does Department authorize release of statement?

The foregoing message is in reference to the Department's circular of October 24.

NOWEB

DCR:MAS:MLM 11-4-44

Miss Chauncey (for the Sec'y) Abrahamson, Ackermann, Akzin, Cohn, Drury, DuBois, Friedman, Gaston, Hodel, Lesser, Marks, Hannon, McCormack, Pehle, Files.

DCG-389

PLAIN

Lisbon

Dated October 26, 1944

Rec'd 10:50 a.m. 27th

Secretary of State,
Washington.

3269, Twenty-sixth, 9:00 p.m.

FOR LEAVITT FROM PILPEL JDC 99 WRB 234.

151 children & adults arrived Istanbul by
train from Roumania leaving for Palestine October
27.

308 passengers embarked GUINE Cadiz high spirits.

GUINE left Cadiz 4 a.m. October 27 for Tangier.

MORWEB

CSB

DCG-392

PLAIN

Lisbon

Dated October 26, 1944

Rec'd 10:52 a.m. 27th

Secretary of State,

Washington.

3270, Twenty-sixth, 10:00 p.m.

FOR LEAVITT FROM PILPEL JDC 100 WRB 233.

Greenleigh Rome advises October 23 received notice of opportunity send 900 persons monthly from Italy to Palestine and arranging fully utilize this opportunity for next several months.

MORREB

CSM

KEM-266
Distribution of true
reading only by special
arrangement. (SECRET W)

Lisbon

Dated October 26, 1944

Rec'd 10:10 p.m.

Secretary of State,
Washington.

3271, October 26, 10 p.m.

THIS IS WRB 235 JDC 102 FOR LEAVITT FROM PILPEL
REFERRING JDC 92.

Saly reports revocation of Rumanian anti-Semitic
regulations mere formality. Nothing done to return
property taken by Nazis and Rumanians and all Jews
barred from employment. Urges necessity of strong
representations to Rumanian Government.

Mayer states 6,000,000 Swiss francs needed for
feeding 200,000 Jews for 3 months in Rumania plus
1,600,000 Swiss francs for clothing 40,000 for same
period. Figures checked by Intercross.

NCRWEB

RB

October 26, 1944

3 p.m.

EMBASSY

MADRID

2882

The following is the substance of a cable received from Legation Bern under date of October 19:

QUOTE I am informed that courier recently arrived Switzerland from Bratislava reports that 300 to 400 Jews holding Latin American documents arrested in Bratislava were first interned as result intervention Central Jewish office at Mariathal near Bratislava. On or about October 8 they were summarily transported, it is believed to Germany. Courier declared Slovak Government knows where they have been taken. Apparently about 90 were bearers El Salvador nationality certificates balance Paraguayan passports. UNQUOTE

The Vatican is aware of this situation and may communicate to you directly any additional information bearing on the matter.

Without, however, awaiting information from Vatican, you are requested immediately to approach Spanish Government with the suggestion that as protective power for Paraguay, it would be appropriate for Spain to take immediate steps to protect the Paraguayan passport-holders among the deportees from Slovakia. Specifically, it is suggested that Spanish Government may find it possible (a) to inquire of the German Government of the truth of the report that Jews from Slovakia in possession of documents issued in the name of Paraguay have been removed to Germany or areas under German control, (b) to inquire of the German Government of the destination of such persons, (c) to declare to the German Government that such persons fall under the protection of Spain as protecting power, and (d) to request German Government to afford Spanish authorities immediate facilities for exercising such protection.

MINISTRIUS
(ACTING)
(GHV)

WEB:MMV:EG
10/24/44

WE

RPA

CABLE TO MINISTER JOHNSON, STOCKHOLM, FOR OLSEN FROM WAR REFUGEE BOARD.

In connection with Board's program to ship 300,000 food parcels from United States for unassimilated persons in concentration camps in German-occupied territory, Board has been advised through Minister Harrison and McClelland that the 15,003 three-kilo parcels shipped from here on S.S. Gripsholm and off loaded Gothenburg arrived somewhat damaged, requiring some rehabilitation before being forwarded camps for unassimilated persons German controlled territory. Glen Whisler of Ancross and Intercross Delegate in Sweden aware of this situation. Please check the exact status this shipment and advise Board.

THIS IS WRB STOCKHOLM CABLE NO. 223.

9:30 a.m.
October 26, 1944

October 26, 1944

8 p.m.

AMLEBOATION

STOCKHOLM

2152

The following for Olsen is WRB 223.

In connection with Board's program to ship 300,000 food parcels from United States for unassimilated persons in concentration camps in German-occupied territory, Board has been advised through Minister Harrison and McClelland that the 15,002 three-kilo parcels shipped from here on S.S. Gripsholm and off loaded Gothenburg arrived somewhat damaged, requiring some rehabilitation before being forwarded camps for unassimilated persons German controlled territory. Glen Whisler of Amcross and Intercross Delegate in Sweden aware of this situation. Please check the exact status this shipment and advise Board.

STETTINIUS
ACTING
(GHW)WRB:MAV:AO
10/26/44

NCE

SWP

WE

Miss Chauncey (for the Sec'y) Abrahamson, Akins, Cohn, Drury,
Dubeis, Friedman, Gaston, Hodel, Lesser, Marks, Mannon, McCrack,
Pehle, Files.

ALH-353

PLAIN

Stockholm

Dated October 26, 1944

Rec'd 7:30 a.m.

RR

Secretary of State,
Washington.

4365, Twenty-sixth.

AMCROSS NICHOLSON FROM AMCROSS WHISLER.

This our 24. Reference your 25. Swedross agreeable accept and handle funds for Latvian refugees. Money should be sent in Swedish crowns and made payable Swedross. LILLIE MATTIENSEN left today with approximately 1100 tons POW cargo. Exact cargo report tomorrow. Our 23 involving POW matters was sent to Fate at London and Geneva without repeating Washington. SS JAMAICA same tonnage as LILLIE is available but subsequent shipments must wait for Laback reports.

JOHNSON

RR

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
 TO: American Legation Bern
 DATED: October 26, 1944
 NUMBER: 3633

SECRET

MCCLELLAND FROM WAR REFUGEE BOARD.

Re your 6927, October 19. For your information food parcel program from Sweden to unassimilated persons Bergenbelsen and other German-controlled camps was presented for approval to MEW, Department and FEA without reference to WRB. FEA and Department in accord with MEW on October 20 authorized the program calling for shipment of 93 tons of parceled food to German-controlled camps. Plan as developed by World Jewish Congress representative in Sweden calls for distribution of these parcels under supervision of Swedish W.M.C.A.

With respect to WRB program calling for shipment of 300,000 parcels from United States, Amcross will have all of remaining 285,000 three-kilo parcels ready for shipment via Marseille in November. All instructions contained in your 6263, September 21, being observed by Amcross.

THIS IS WRB BERN CABLE NO. 240.

STETTINIUS
 (ACTING)

Miss Chancey (for the Sec'y) Abrahamson, Aksin, Cohn, Drury, DuBois, Friedman, Gaston, Hodel, Lesser, Marks, Mannon, McCormack, Pehle, Files.

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
 TO: American Legation, Bern
 DATE: October 26, 1944
 NUMBER: 3648

SECRET

To Minister Harrison and McClelland.

Information and suggestion contained in your 6938 of October 19 are appreciated. Vatican is being approached accordingly and has been asked to communicate information to you directly.

Without, however, awaiting Vatican's reply, you are requested immediately to approach Swiss government requesting it as protective power for Salvador and certain other American republics to take immediate steps to protect the persons concerned in line with Department's 1181 of April 7, 1221 of April 10, 1921 of June 6, 2490 of July 21, 3180 of September 14, and all other communications regarding holders of Latin American documents. Specifically, it is suggested that Swiss government may find it possible (a) to inquire of the German government of the truth of the report that Jews from Slovakia in possession of documents issued in the name of Salvador and other American republics have been removed to Germany or areas under German control, (b) to inquire of the German government of the destination of such persons, (c) to declare to the German government that such persons fall under the protection of Switzerland as protecting power, and (d) to request German government to afford Swiss authorities immediate facilities for exercising such protection.

In view of large proportion of Salvadoran passport-holders among deportees reported in your 6938, Salvadoran declaration communicated in your 3871 of June 17 paragraph six will undoubtedly facilitate your task.

Ambassy Madrid is being similarly approached regarding Paraguayan passport holders.

THIS IS WRB BERN CABLE NO. 236.

STETTINIUS
 ACTING

Miss Chauncey (for the Sec'y) Abrahamson, Akris, Cohn, Drury, DuBois, Friednan, Gaston, Hedal, Lesser, Marks, Manna, McCormack, Poble, Files.

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: October 26, 1944
NUMBER: 3653

SECRET

MCCLELLAND FROM WAR REFUGEE BOARD.

Re your 6927, October 19. For your information food parcel program from Sweden to unassimilated persons Bergenbelsen and other German-controlled camps was presented for approval to MEW, Department and FEA without reference to WRB. FEA and Department in accord with MEW on October 20 authorized the program calling for shipment of 93 tons of parceled food to German-controlled camps. Plan as developed by World Jewish Congress representative in Sweden calls for distribution of these parcels under supervision of Swedish Y.M.C.A.

With respect to WRB program calling for shipment of 300,000 parcels from United States, Amcross will have all of remaining 285,000 three-kilo parcels ready for shipment via Marseille in November. All instructions contained in your 6263, September 21, being observed by Amcross.

THIS IS WRB BERN CABLE NO. 240.

STETTINIUS
(Acting)

Note: This is for correction of number which was previously sent through as #3633 instead of #3653

Miss Chauncey (for the Sec'y) Abrahamson, Ackermann, Akzin, Cohn, Drury, DuBois, Friedman, Gaston, Hodel, Lesser, Marks, Mannon, McCormack, Pehle, Files.

C
O
P
Y

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: October 26, 1944
NUMBER: 3655

SECRET

FOR MCCLELLAND FROM WAR REFUGEE BOARD.

Reference your No. 6512 of September 30, 1944.

(1) \$25,000 mentioned in Department's 3314 of September 26th is in addition to \$90,000 for which original license was issued and which you report having received in installments by September 27th.

(2) WRB and interested group here have just been informed that Oldenbruck (who had discussed this project with Labor groups at time of his visits to United States) had arranged for transfer through Dutch Government of equivalent of \$90,000 to Holland, with understanding that Dutch Government would be reimbursed by Queen Wilhelmina Fund.

(3) Accordingly, you and Clement and Krier are authorized to pay Swiss franc equivalent of \$90,000 to Dutch Minister in Bern, provided you received adequate assurances that the equivalent has been made available in Holland as stated by Oldenbruck. For your information, Oldenbruck is being advised that in the future transactions of foregoing type should be cleared with interested American groups before effectuation.

THIS IS WRB BERN CABLE NO. 239.

STETTINIUS
(Acting)

CABLE TO MINISTER HARRISON, BERN, AND MCCLELLAND FROM WAR REFUGEE BOARD

Re your 6927, October 19. For your information food parcel program from Sweden to unassimilated persons Bergenbelsen and other German-controlled camps was presented for approval to MEW, Department and FEA without reference to WRB. FEA and Department in accord with MEW on October 20 authorized the program calling for shipment of 93 tons of parceled food to German-controlled camps. Plan as developed by World Jewish Congress representative in Sweden calls for distribution of these parcels under supervision of Swedish Y.M.C.A.

With respect to WRB program calling for shipment of 300,000 parcels from United States, Amcross will have all of remaining 285,000 three-kilo parcels ready for shipment via Marseille in November. All instructions contained in your 6263, September 21, being observed by Amcross.

THIS IS WRB BERN CABLE NO. 240.

9:30 a.m.
October 26, 1944

CABLE TO HARRISON, BERN, FROM WAR REFUGEE BOARD

Please deliver the following message to Saly Mayer from the
American Jewish Joint Distribution Committee:

QUOTE UNDERSTAND 6,000 JEWS MAINLY HUNGARIANS BETWEEN
AGES 16 AND 60 LIBERATED WHEN BOR YUGOSLAVIA WAS
OCCUPIED BY ALLIED ARMIES STOP THEY WORKED COPPER
MINES 5,000 FOR 15 MONTHS AND 1500 SINCE JUNE 1944 STOP
ALTHOUGH LIBERATED AND ABLE TRAVEL WHEREVER THEY WISH
NO ARRANGEMENTS MADE FOR THEIR RECEPTION ELSEWHERE NOR
CAN THEY REMAIN IN BOR STOP CAN YOU EXPLORE SITUATION
AND BRING SUCH EMERGENCY AID AS POSSIBLE KEEPING US
ADVISED UNQUOTE

THIS IS WRB BERN CABLE NO. 241.

(9:45 a.m.
October 26, 1944

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: October 26, 1944
NUMBER: 3657

SECRET

FOR MCCLELLAND FROM WAR REFUGEE BOARD

1. Interested groups here have requested that you inform Clement and Krier that during the last quarter of 1944 there probably (repeat probably) will be available \$75,000 for the Belgium project, \$100,000 for the Dutch and \$12,500 for the Luxembourg program. These amounts are in addition to sums already remitted or authorized by Treasury licenses. The funds will be available only for work in enemy-occupied territory. The foregoing information may be of assistance to Clement and Krier in developing their projects and if they feel that the additional amounts will be of assistance, please advise the Board at once so that necessary arrangements for allocation of the above-mentioned funds from the National War Fund can be made.

2. You will be advised later concerning question raised in your No. 6837 of October 13.

THIS IS WRB BERN CABLE NO. 238.

STETTINIUS
(Acting)

MFD-33

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

Bern

Dated October 26, 1944

Rec'd 11:39 a.m.

Secretary of State,

Washington.

7:11, October 26, 1 p.m.

FOR WRB FROM MCCLELLAND.

Leon Kubowitzki World Jewish Congress from Herhat Reigner.

"Your 155 regarding alarming news Hungary proceeded immediately requested interventions Intercross and Swiss Political Department. ICRC possesses cable their Budapest delegate, Schirmer, dated October 17 indicating that on that date situation Jews calm but expressing fear that any moment new measures might be taken. Schirmer also stated Jewish Council had opposed marking Jewish houses with special placards indicating protection. Political Department received later news stating that authorities already proceeding evacuation inhabitants Jewish houses to surroundings of Budapest and government not recognizing foreign intervention and protection documents. Kraus director PAL office Budapest cabled October 23 urgently appealing for USA help which indicates that situation deteriorated very much last days. I understand that also official American intervention was made last days with Swiss Government. All this information confidential. You should use all propaganda means your disposal to influence Hungarian Government and people." 6260.

HARRISON

CSB

BJR - 286

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

Bern

Dated October 26, 1944

Rec'd 11:32 p.m.

Secretary of State,

Washington.

7115, October 26, 3 p.m.

FOR FILE OF WRB FROM MCCLELLAND

Greatly concerned over question of what steps might be initiated by WRB and other interested departments of our government in attempt to counteract increasing Nazi ruthlessness which threatens with death at least two million innocent men and women of all nationalities, races and faiths confined as political prisoners in Nazi prisons, concentration and extermination camps. Trustworthy reports coming from Germany indicate reign of terror has followed events of July 20 with arrests, executions and suicides both among foreign prisoners and on an unprecedented scale amongst German population itself. This relentless policy shows unmistakable signs of increasing violence particularly amongst foreigners. These prisoners represent valuable political and social elements their respective countries whose loss apart from human considerations involved would severely retard future reconstruction of Europe.

At this important psychological juncture when Nazis are entering last desperate stage of their rule I strongly recommend that serious consideration be given to addressing a concerted and powerful warning to Germany in specific effort to save lives of these political prisoners who are totally at mercy of Nazism fanaticism. Such a warning should be solemnly made in name of every Allied country whose nationals are concerned as well as Italy and France which alone has over 200,000 political deportees. Soviet Government in particular in name of countless thousands of their own war prisoners whom Nazis have mistreated and starved and of their labor deportees threatened with extermination should be urged to associate themselves vigorously and unequivocally with this warning. The voice of the major organized churches should also be joined to this pronouncement.

Made on as high and authoritative level possible such a warning should re-emphasize fact that all Allied and associate nations will hold each individual German as well as members of Nazi Party and of German military organizations regardless of rank responsible both directly and where appropriate as an accessory for safeguarding life and welfare of Allies defenseless countrymen in their custody or immediate neighborhood. Further any crime committee against persons imprisoned on political or racial grounds whom Nazis consider stateless (i.e. major part of close to a million surviving European Jews) will be considered as punishable as though against an Allied national. This pronouncement should be made in name of dignity and inviolability of human personality for preservation of which Allied nations are waging war.

-2- #7115, October 26, 3 p.m., from Bern.

This special warning with regard to political prisoners should be given most effective and far-reaching publicity planned and directed by competent members of respective Allied services. It should be repeated and hammered home by radio and leaflets until it penetrates throughout Germany. I suggest that correct and up to date information about the principal concentration camps and prisons be used with appropriate and dramatic commentary by persons intimately acquainted with such matters. Since many Germans have only limited idea of organization of these camps and of treatment meted out in them care should be taken to keep propaganda references sober, factual and unexaggerated. If overdone they will not be believed and quickly branded by Nazis as horror propaganda.

Majority of hardened murderers of ruling Nazi clique are probably impervious to warning of ultimate punishment as war criminals. Even if so it might nevertheless deter many lesser members of Nazi hierarchy from minor Gestapo officials to SS guards in concentration camps who soon may be called upon to execute orders of mass murder as well as possibly inspire other individuals to positive acts. It has been evident for instance in Hungarian negotiations with SS that definite rifts within their ranks exist (Legation's 5588, August 26) which should be thoroughly exploited.

It might be effective in addressing this warning with respect to foreigners imprisoned within their country to remind Germans that at least 200,000 of their own fellow citizens who have been arbitrarily arrested by Nazis will doubtless share ultimate fate of these foreigners. Such an Allied reminder of plight of German political prisoners might serve to kindle a certain feeling of solidarity between the terrorized individual German and all these prisoners including his own countrymen whose lives are threatened by Nazis. Evidence of Allied concern for fate of imprisoned German liberals as well as of foreign political prisoners might also help to discredit belief fostered by Nazi propaganda that Allies intend to enslave and eventually destroy Germans as a people.

Effect of a warning along these lines might be increased by stressing that individually the German can grasp this last chance to assert his claim to be considered apart from Nazi criminals by doing all in his power to prevent or mitigate in any way open to him this final crime against his own self respect against humanity and civilized world in which individual German certainly hopes some day again to take his place.

HARRISON

WSB

Bern

112

other than a Government
Agency. (RESTRICTED)

Dated October 26, 1944

Rec'd 6:56 p.m.

Secretary of State,

Washington.

7123, October 26, 6 p.m.

FOR WRB FROM MCCLELLAND.

For Union of Orthodox Rabbis Emergency Committee
from Sternbuch.

"According cables received from Klarmann for ITA
financial situation of Jews in Rumania has become
catastrophic. Griffel requesting money for support
of Orthodox Jews in Rumania who have been liberated
from camps. He attempting also organize ship transport
from Russia to Turkey for 10,000 persons. Expecting
details shortly. According your orders we using funds
only for rescue work in enemy or enemy occupied
territory. Awaiting your instructions and news success
your efforts induce all other organisations undertake
concerted action. Of 100,000 Swiss francs we sent
to Bucharest, 26,000 are still at disposal of committee.

The Camp of Krottingen is reported to have been
dissolved".

HARRISON

RR

C
O
P
Y

MRQ-329

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

Ankara

Dated October 26, 1944

Rec'd 4:41 a.m., 27th

Secretary of State,

Washington.

2043, October 26, 8 a.m.

FROM KATZKI TO FEHLE WAR REFUGEE BOARD

Ankara's No. 169

Group of 156 children arrived in Istanbul by railroad direct from Rumania on October 25. These children, immigrating to Palestine, include repatriates from Transnistria, Polish refugees who had been in Rumania and Rumanian nationals. They received visas, including Turkish, pursuant to the so-called "children's scheme" for evacuating Jewish children from the Balkans to Palestine and constitute the first group to be evacuated from Rumania thereunder since its inception in 1943. It is planned that the children leave Istanbul for Palestine by railroad on October 27.

The foregoing is for your information. Further news will be sent when available.

STEINHARDT

WTD

communicated to anyone
other than a Government
Agency. (RESTRICTED)

Ankara

Dated October 26, 1944

Rec'd 11:35 a.m., 28th.

Secretary of State,
Washington.

2059, October 26, 7 p.m.

FROM THE AMBASSADOR AND KATZKI TO PEHLE WAR
REFUGEE BOARD. ANKARA'S No. 170.

Alexander and Otto Schleifer accompanied by their Aunt Margaret E. Neulander (see Department's 650 of July 21 WRB 81 and Department's of October 21 WRB 118) arrived in Istanbul October 25 with a group of children from Rumania en route to Palestine. They received necessary Turkish transit visas upon the basis of their Palestine certificates. We regret to advise you that Miss Neulander informs us that the children Judith and Naomi Schleifer were passengers on the SS NEFKURA which was sunk in the Black Sea in August. As these Schleifer children were not among the known NEFKURA survivors they must be presumed to be lost. Avra M. Schleifer, for whom a Palestine certificate has been authorized, remained in Rumania for family reasons.

Margaret E. Neulander is reluctant to consent to the unaccompanied voyage to the United States of Alexander and Otto Schleifer. All three, therefore, will proceed to Palestine during the next days to await the instructions of the Schleifer parents. They may be addressed care of Elstein, 5 Benyehuda Street, Jerusalem. The American Consulate General, Istanbul, is transferring the entire file on the Schleifer case Jerusalem.

Further details including a letter from Margaret E. Neulander will be sent via pouch.

RB

STEINBARDT

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTEL No. 348

Information received up to 10 a.m., 26th October, 1944.

1. NAVAL

Yesterday one of H.M. Canadian Destroyers driven ashore near Reykjavik during a gale and temporarily abandoned. Some fatal casualties. One of H.M. Frigates and a Norwegian Corvette in collision this morning mid-Atlantic. Corvette reported sinking.

2. MILITARY

WESTERN EUROPE. British troops have made good progress all along the front from Hertogenbosch to the Scheldt pocket. They are within one mile of Tilburg and have advanced from three to five miles on a 16 mile front east of Esschen. Canadians have made further progress along the Beveland Isthmus and have captured Fort Frederik Hendrik, but Germans still hold out in Oostburg.

ITALY. Eighth Army have advanced to points ten miles north of Cesena and eight miles S.E. of Forli.

GREECE. British troops have occupied Lamia with patrols to Larissa (found held by Greek Partisans) and Kharditsa.

RUSSIA. Russians have captured Kirkenes in Norway and have completed liberation of Transylvania capturing Satul Mare.

BURMA. In the Tiddim area British troops are in contact with small parties of Japanese seven miles S.E. and 13 miles east of the town. In the Kabaw Valley our troops have advanced south to within 15 miles of Kalemvo. In N.E. Burma, advancing down Myitkyina-Mandalay railway, they are 25 miles beyond Hopin.

3. AIR OPERATIONS

WESTERN FRONT. 25th. Bomber Command. Essen. 740 aircraft dropped 3,719 tons, mostly H.E. Almost complete cloud but one convenient gap for short time. Bombing mostly on sky markers. Attack appeared fairly well concentrated. Homberg synthetic oil plant - 220 aircraft dropped about 975 tons H.E. through cloud.

U.S. 8th Air Force. 1250 aircraft despatched: Hamburg 1656 tons, Gelsenkirchen synthetic oil 220, railway centres Hamm 204, Munster 91, Neumunster airfield and repair works 527. All objectives cloud covered. Pathfinder technique employed all cases. Four R.A.F. and two U.S. Bombers missing.

MEDITERRANEAN. 24th. 751 aircraft (6 missing) operated over Italian battle area and against communications Po Valley. 26 locomotives and 186 rolling stock destroyed or damaged.

4. HOME SECURITY

25th/26th. 12 flying bombs plotted.

116

10/27/44

Reading copy of Secy's speech before the
businessmen for Roosevelt, Inc., at the Waldorf-
Astoria Hotel,

I have come here tonight to talk to you business men about business and to discuss with you how you have fared under Mr. Roosevelt's Administration.

I should like to express to you at the outset my feeling that business as a whole has conducted itself magnificently during the war years and that those of you who have carried on the job of war production in all its varied phases have every reason to feel proud of your contribution to the national cause.

Every age has its mythology - ours no less than times gone by. Myths, I think, are something like currency, and Gresham's law is about as applicable to the one as to the other.

2227
116
2111

- 2 -

This is to say, paraphrasing Gresham a little bit, that, of two forms of myth, the inferior or more depreciated tends to drive the other out of circulation. And this is particularly true in a period when propaganda has been elevated into something of a science. For propaganda is a form of counterfeiting.

I make this somewhat philosophical approach because I want to say something about myths this evening - in particular about one myth which seems to me one of the most remarkable propaganda efforts of our time. Let me state the myth for you as it was expounded earlier this year by the Republican Presidential Candidate in his acceptance address:

- 3 -

The present Administration - I quote his own words -
"has been consistently hostile to and abusive of
American business and American industry, although
it is in business and industry that most of us make
our living."

Now I do not mean for a moment to suggest that
the myth - in this particular instance - was invented
by the candidate. On the contrary, it is one of the
most hackneyed, time-worn and over-worked myths of
the present day. It has been in circulation, I should
guess, for pretty nearly a full decade.

2020
91
1909

- 4 -

It was tried out with great gusto by campaign orators in 1936, was dusted off and trotted forth as a brand new discovery in 1940; and today - such is the originality of its sponsors - it is being tried again.

It is about time, I think, to take a good close look at this myth. Let us leave the war years altogether out of account for the moment and go back instead to the 7-year period before 1940 when the Administration halted the precipitous deflation of the early '30's and built up steam in a cold boiler to start industry once more on the upgrade. It is this period which the Republican candidate is pleased to call "The Roosevelt depression".

- 5 -

I am glad to think that time has dimmed the memory of the dark days before Franklin D. Roosevelt revived our faith in ourselves by telling us that the only thing we had to fear was fear itself.

In 1932, the year before he took office, corporations reporting to the Bureau of Internal Revenue showed an aggregate loss of more than 4 billion dollars. By 1934, the present Administration had abused business and industry to such an extent that they began to report profits instead of losses to the Bureau of Internal Revenue. The profits of corporations that year - after payment of taxes - amounted to \$2,374,000,000. //H

1785

112

- 6 -

Net profits rose steadily each year after that, except during the recession of 1938, until by 1939 they stood at about six billions.

Pause

All right, now let's take a look at the record of retail trade during this period. Total retail sales in 1933 amounted to 24-1/2 billion dollars. In 1939, they were better than 42 billions, an increase of 71 per cent. If this was abuse, I have an idea that most retailers would like to be abused constantly.

The steel industry affords a pretty good clue to our general economic health. In 1932, it was operating at 20 per cent of its capacity. In 1939, before the war orders began to come in, at 65 per cent.

- 7 -

The United States Steel Corporation had a net income in 1932 of minus 71 million dollars - that is, it suffered a net loss of that amount. That was when it was functioning under an Administration that professed great friendship for business. In 1939, U.S. Steel was ruthlessly forced to relinquish the pleasure of taking such a loss; the New Deal abused it into accepting a net profit of 41 million dollars.

There wasn't anything special about the experience of the United States Steel Corporation. Manufacturing concerns in general reported themselves in the red for 1932 to the tune of \$1,600,000,000. In 1939, they were three billion dollars in the black.

1533
125

- 8 -

Well, here is the record, open for examination to any one who wants to read it. If it is a record of hostility and abuse, then words, I think, have altogether lost their meaning. Businessmen are generally known to be pretty practical fellows not easily terrified by phoney labels. Your presence here tonight testifies to this. You have found the proof of your pudding in the eating *their of.*

Of course, there is no enmity on the part of the Roosevelt Administration toward business and industry. There is simply a firm determination to avoid the kind of quicksand crust of fake prosperity on which this Nation danced such a frenzied jig during the twenties.

1408
112

Pause

This Administration has sought, instead, to develop a balanced and expanding economy, based on a high volume of purchasing power. It has recognized that enduring prosperity must have a solid foundation *and* that it must be built from the ground up. It has operated on the premise that what advances the general welfare of the people of the United States also advances the welfare of the business and industry in which they engage.

- 10 -

And this is the very simple explanation for the growth in corporate profits which I have noted - for the increase in dividend payments, for the mounting volume of trade, for the expansion of production. Under this Administration, the American people as a whole have been earning the money with which to buy the goods and services which business and industry have for sale.

The Roosevelt Administration has had so much faith - and such genuine faith - in the free enterprise system that it has sought to keep it free. I think that no young man who wants to start in business for himself will feel abused by an Administration which protects him from the shackling influence of monopoly. $\frac{1}{2}$

- 11 -

I think that no banker or broker who wants the public to invest in an honest enterprise will feel abused by an Administration which protects him from the competition of irresponsible market manipulators and gold brick salesmen. I think that no honest employer will feel abused by an Administration which protects him from the competition of sweatshops.

These and other measures instituted under the New Deal have given American enterprise real freedom. To speak of them as abusive is as absurd as to speak of a surgeon as abusive because he cuts out an inflamed appendix or a cancerous growth. Business and industry in America are healthier today and have greater opportunities for the future because this Administration has been a true friend to them.

- 12 -

Pause

Oh, yes, I know that the opposition now endorses the Roosevelt reforms and any evening on the air you can hear the Johnnies-come-lately hollering "me, too." But you can also hear them hollering that the present Administration "has been consistently hostile to and abusive of American business and industry." And I think that you can get from this a fair measure of their sincerity.

Pause

There are, I think, real enemies of business - important and powerful enemies - some of them within the ranks of business itself.

982
22

- 13 -

They are the "business as usual" boys who opposed the conversion of industry from peace to war. They are the men who fought price control and renegotiation - who would have risked the danger of inflation for extra profits for themselves. They are the men who fought collective bargaining, minimum wages, social security and the other social gains of this Administration. They are the monopolists who favor restricted industrial output and restricted credit at high interest rates and restricted markets at home and abroad.

Yes, business has its enemies. But they are not, I am certain, representative of American businessmen.

And they are not in the Roosevelt Administration.

885
102

Pause

Now, I want to turn for a moment to the war years.

The achievement of the American industrial machine during this war has brought heart and hope and wonder to our friends, consternation and despair to our enemies. We have kept our pledge to serve as the arsenal of democracy. We have built and equipped a mammoth army of our own and the greatest navy in the world. And at the same time we have met all the essential needs of our civilian economy. Business itself deserves immense credit for this accomplishment. But does any one seriously think these things could have been done without a well balanced economy developed before the war began?

778
114

Business itself has fared pretty well in the performance of its magnificent production job. The total of corporate profits for the year 1943, after payment of taxes and after renegotiation, was the highest in the history of this Nation - higher even than in the frenzied boom of 1929.

This war prosperity has been well balanced. I am glad to say that it has created few war millionaires, for the rise in profits has been distributed throughout the business community.

The prosperity of the smaller concerns is less easily observed than that of the large corporations but, according to a survey made jointly by the Federal Reserve System and Robert Morris Associates, there has been an even greater relative increase in the profits of the smaller businesses. $\frac{3}{4}$

What is much more important to business in the long run than its profits during the war itself is the fact that, despite the conversion of our resources to war production, the domestic economy has been kept sound and stable.

581
82
494

- 17 -

There has been no out-of-hand inflation in the course of this conflict. The purchasing power of the American dollar has been kept firm. You must certainly credit this in large measure, I believe, to the stabilization program and the methods of war finance undertaken by your Government. The economic policies pursued in the war years have safeguarded business and industry not only against inflation but also against the disastrous sort of deflation which struck this country in 1920 and 1921.

We in the Treasury have conducted our fiscal operations in such a way as to minimize the post-war burden of the debt and to promote mass buying power and balance in the post-war economy.

494
121

Business will have these assets in meeting the problems of reconversion:

(1) More than 85 million individual investors have purchased bonds of their Government, and the aggregate value of bonds held by individuals is now 48 billion dollars. These bonds give their holders generally a sense of security which will enable them to spend their current incomes for consumer goods when these become available.

(2) Interest rates have been kept low, averaging about 1-3/4 per cent in comparison with 4-1/4 per cent in the first World War; the reduction will not only save about four billion dollars annually in the post-war Federal budget but will also give business much more favorable borrowing opportunities than it had at the end of World War I.

373
128
245

(3) Securities sold to banks and corporations, most of them of short maturity, have provided an unparalleled liquidity which should assist greatly in the financing of post-war reconversion and expansion.

(4) Provision has been made for the refunding of excess profits taxes to cushion corporations against losses in the years immediately following the war.

Pause Can any reasonable man find in such measures an indication of hostility to American business and American industry? No, I think the Republican candidate has been engaged - and not for the first time - in the prosecution of a myth.

245
94
151

- 20 -

Business and industry have a role of vital responsibility to play in the development of the future. They must be, in the future as they have been in the past, the initiators of economic progress. Theirs must be the ingenuity, the know-how, the enterprise needed to find new products, build new plants, develop new techniques. It is to them that Americans look for the expansion of production and the creation of new jobs and the lifting of our living standards.

151
81
20

- 21 -

Business can and will fulfill these hopes. But it can fulfill them only in partnership with an Administration which will support it, not with fair words and special benefits, but with a dynamic program of economic development for all the people. It is this kind of friendship for business, ~~and~~ for agriculture and labor, which the Roosevelt Administration has practiced and will continue to practice, ~~while~~ ~~he~~ ~~is~~ ~~in~~ ~~office~~.

138

OPR NY 1-2139 OK
NY 1-2139-G MOK
SECRET SVCE NY AMMER FFF - LSW - October 27, 1944 - 1:55 PM EWT
SECRET SERVICE WA WILSON

THE FOLLOWING TELEGRAM IS QUOTED FOR DELIVERY BY AGENT GAYDICA TO THE
~~XXXXXXXX~~ COLONEL ON HIS ARRIVAL

*NEW YORK NY OCT 27 1214P

SECY HENRY MORGENTHAU JR TREASURY DEPT
ATTN HERBERT E GASTON ASST SECY WASH DC

I HAVE BEEN ASKED BY THE EXECUTIVE COUNCIL TO ASSURE YOU THAT THE
ENTIRE PROCEEDS OF TONIGHTS DINNER WILL BE USED TO DEFRAY PARTIALLY
THE EXPENSES OF TONIGHTS BROADCAST FROM PHILADELPHIA AND FOR NO OTHER
PURPOSE

PHILIP E WILCOX PRES BUSINESS MEN FOR ROOSEVELT INC
502 PARK AVE

1225P*

MOM PLS

CORRECTION WORD SHOULD BE BROADCAST NOT BROADCAST

~~XXXXX~~ TOP OF TELEGRAM ALSO HAS "WU 15 40 4 EXTRA"

WILSON GA
OK HAMMER END
WILSON ENDM

WU 15 40 4 EXTRA

139

NEWYORK NY OCT 27 1214P

1944 OCT 27 PM 12 27

SECY HENRY MORGANTHAU JR TREASURY EPT

ATTN HERBERT E GASTON ASST SECY WASHDC

I HAVE BEEN ASKED BY THE EXECUTIVE COUNCIL TO ASSURE
YOU THAT THE ENTIRE PROCEEDS OF TONIGHTS DINNER WILL BE
USED TO DEFRAY PARTIALLY THE EXPENSES OF TONIGHTS
BROADCAST FROM PHILADELPHIA AND FOR NO OTHER PURPOSE

PHILIP E WILCOX PRES BUSINESS MEN FOR ROOSEVELT
INC 502 PARK AVE

1225P

SECRET

140 ←

Office Memorandum · UNITED STATES GOVERNMENT

DATE: October 27

TO : Secretary Morgenthau
FROM : Frank Coe, Secretary
SUBJECT: CCLL

Minutes of October 25 meeting in
Secretary Morgenthau's Office.

Attachment 1

TOP SECRET

U.S. Committee on Mutual Lend-Lease Aid Between
the United States and the United Kingdom

Minutes of Meeting in Secretary Morgenthau's
Office on October 25, at 10:45 a. m.

Present

Secretary Morgenthau, Chairman

Messrs. Acheson
Taft
Collado

White
Casaday

Patterson
Gates

Currie
Cox
Angell
Davidson
Coe, Secretary

Army Air

Agreement has been reached on most of the major items in the British program of Army Air types. Assistant Secretary Lovett informed Secretary Morgenthau in a letter (U.S. No. 5) which was distributed at this meeting. The letter further stated that it was expected to sign a formal agreement on October 25.

Ground Army Requirements

A memorandum from this subcommittee (Patterson, Somervell, Clay--Venning, Weeks, Macready) was distributed (U.S. No. 6). It stated that agreement had been reached on the treatment of all items in the British program, and that subject to the agreed conditions, all these items are to be accepted for production concurrently with the requirements of the U.S. Army. The request for locomotives and wagons for India is remitted to FEA. A detailed schedule was attached.

Reciprocal Aid-Military

According to the above memorandum, U.K. undertakes to supply reciprocal aid within the limits prevailing at the beginning of the period in question. However, the U.S. representatives also recommended that as a condition of a U.S. acceptance of the U.K. ground army program, the U.K. should be responsible for reciprocal aid throughout the Empire and Commonwealth.

-2-

CCLL-U.S. Com.Minutes,Oct.25

Shipping

Mr. White reported on a letter from Admiral Land, who said that he had not received British estimates from FEA and so was delayed.

Navy and Navy Air

Secretary Morgenthau said that Secretary Forrestal would furnish a memorandum on a British request for reconditioning the Navy. This appeared not to be in the program before this group.

Later in the meeting, Assistant Secretary Gates explained that agreement on the Navy program was held up pending more information and that negotiations on the Naval Air requirements had not begun because the British representative had not arrived.

Non-Military

Under Secretary Patterson called attention to his letter (U.S.No.11) expressing the Army's interest in four short items (tires, tire fabrics, paper and paper board and nylon) which the British are requesting of FEA.

Exports

There was discussion of a memorandum (U.S. No. 12 distributed) by Asst. Secretary Acheson, which set forth the American understanding of certain points in the British document (2), relating to exports and the White Paper. It was agreed to ask the British whether the American interpretation on these points was correct. (See Minutes of Combined meeting of October 25.)

Press Release

Mr. Cox pointed out that rumors and press inquiries had begun. Mr. Coe was asked to review the release, and, after clearance, to take the question up with Mr. Early.

The meeting adjourned at 11:35 for discussion with the British.

TOP SECRETUSS:402
CGLLU.S. Subcommittee on Mutual Lend-Lease Aid
Between the U.S. and the U.K.Copy No. 2

Minutes of meeting held in Mr. White's
office on October 27 at 10:30 a.m.

Present

Mr. White, Chairman
Lauren Casaday
Dean Acheson
Charles Taft
Mr. Fetter
L. Currie
J. Angell
A. Davidson
Frank Coe, Secretary

Exports and Stocks

Mr. Davidson circulated a draft "Joint Statement of Principles" (U.S. No. 17) which had been prepared by himself and Mr. Angell on the basis of preceding documents and discussions. After discussion, the American group agreed tentatively to work on the basis of these principles with one modification. In the draft it was provided that where goods were exchanged between the two countries in substantial amounts, neither country was barred from exporting the goods in commerce. This was changed so that the exception would be allowed only where the goods were exchanged between the two countries in substantially equal amounts.

As modified the principles are as follows, with the date on which they are to go into operation agreed upon tentatively by the U.S. group as December 31, 1944:

1. Lend-Lease, mutual aid and identical articles would not be exported in commerce, except where the article was exchanged between the two countries in substantially equal quantities.
2. In the case of goods no longer obtainable as lend-lease, stocks would be reserved for military purposes, without a time limit.
3. In the case of goods which would continue on lend-lease, the quantity used for military and civilian war purposes would have to exceed lend-lease deliveries plus withdrawals from lend-lease stocks.
4. Consent would be required to transfer goods from military to civilian end uses.

-2-

It was agreed by the American group that in the case of any announcement on this matter, we would prefer that such a statement was written in terms of the large changes which were due to take place in lend-lease and the corresponding need for new and modified principles, written in terms of a withdrawal of export restrictions on lend-lease goods and the scrapping of the White Paper. The U.S. group further decided that after today's discussion of this question--to which it was expected that general agreement would be reached--the subject might be laid over for some time until other matters had been finished.

The following matters were discussed and it was agreed that they would be brought up at the next meeting with the British:

- a. Non-munitions program - Mr. Currie wished to raise a number of points of procedure.
- b. Oil exports - Question of whether Britain intended to export any oil for cash.
- c. Sterling Pool - Mr. Acheson wished a full dress discussion of this matter.
- d. Military reciprocal aid - Mr. Goe pointed out that the U.S. Army Subcommittee on the ground program had recommended that that program be contingent upon the underwriting of military reciprocal aid from the Empire. This would have to be discussed with the Dominions and in the top group.

TOP SECRETCOPY NO. 40C.S.L.L.(44)2nd MeetingCombined Sub-Committee on Mutual Lend-Lease Aid
Between the U.S. and U.K.

Minutes of Meeting held in U.S.
Treasury on 27th October, 1944 at
11:30 a.m.

Present

Mr. White (In the Chair)

U.S. Representatives

Mr. Acheson
Mr. Taft
Mr. Fetter

Mr. Casaday

Mr. Currie
Mr. Davidson
Mr. Angell

U.K. Representatives

Mr. Ben Smith
Lord Cherwell
Lord Keynes
Mr. Brand
Sir Robert Sinclair
Sir Henry Self
Sir Charles Hambro
Mr. Opie
Mr. Helmore

Mr. Lee)
Mr. Coe) Joint Secretaries

1. EXPORT FREEDOM AND STOCKS

At the Chairman's invitation Mr. Acheson communicated to the meeting the tentative proposals which the U.S. group would be prepared to recommend on this subject.

These proposals can be summarised as follows:-

(a) At the present stage the two groups would concentrate on securing agreement on principles, leaving detailed drafting for a later period.

(b) The date for the initiation of the new principles would be the 1st January, 1945, since on that date the U.K. would start paying cash for the raw materials and manufactured goods which were to be taken off lend-lease.

(c) Lend Lease or mutual aid goods delivered to the United Kingdom or the United States, or goods identical thereto, would not be exported in commerce. Where the two countries exchanged roughly the same amounts of a substitutable commodity (e.g. rubber, oil products raw and refined) this restriction would not apply.

(d) Remaining Lend-Lease stocks at the 1st January 1945 of materials and goods no longer furnished under Lend-Lease would be set aside for "military" end-use. There would be no obligation on the U.K. to consume such stocks within a given period.

(e) As regards raw materials remaining on Lend Lease, the question of payment would not arise unless the quantity received on Lend Lease exceeded the amounts required for consumption for military and essential war purposes in the United Kingdom.

(f) Articles requisitioned for military end-use would not be transferred to civilian end-use without the prior concurrence of the U.S. Administration.

MR. WHITE said the Americans were accepting almost entirely the British proposals on these points.

LORD KEYNES said that the U.K. group welcomed the proposals of the U.S. group and were glad to recognize that they were almost wholly in accord with the proposals which had been put forward on behalf of the U.K. His main comments would be on points of detailed interpretation rather than of principle.

(i) He asked whether it was essential that the restriction on the export of articles identical to those obtained on Lend-Lease need apply in the case of articles identical to stores requisitioned on Lend Lease for military end-use. He pointed out that if it could be ruled that the obligation was not to apply in respect of goods in this field, the difficulties of administration and of interpretation would be very greatly simplified. For instance, there would be no need to have trouble with the difficult complications which would arise in connection with components and spare parts. MR. CURRIE agreed that the possibility of making an exception on the lines suggested by Lord Keynes should be further considered by the U.S. group. MR. ANGELL asked whether the U.K. case would be met if it could be ruled that the obligations should not relate to components and spare parts. LORD KEYNES replied that while he would prefer a more comprehensive arrangement, a ruling applying to components and spare parts only would meet part of the difficulties which he apprehended, provided that it was recognized that the U.K. would be requisitioning on lend lease components and spare parts as such as well as those incorporated in or supplied with other goods.

(ii) LORD KEYNES circulated two notes for the information of the U.S. group:

(a) A note (No. 17) giving more comprehensive figures of stocks in the United Kingdom of raw materials of lend lease origin. (He explained that exact figures for steel stocks of lend lease origin were not at present available).

(b) A note (No. 16) (attached as an Annex to these minutes) indicating the arrangements proposed for effecting the clean-cut removal as at the 1st January 1945 of the raw materials and manufactured articles to be taken off Lend Lease. (Lord Keynes emphasised that it would be desirable for the arrangement suggested in the above note to be discussed between the U.K. Missions concerned and their opposite numbers, particularly as it would be important that there should be no interruption in the flow of goods because of the financial changes proposed, and that the maximum quantity of lend lease goods should be shipped before the 1st of January, 1945).

There was some discussion on the question of what public statement would be required when the change was announced. The U.S. group expressed the hope that the statement would not emphasise a unilateral withdrawal of the White Paper but should rather indicate that the White Paper had become inapplicable in present circumstances, particularly in view of the impending substantial changes in the Lend Lease programme -- especially the withdrawal of steel and most manufactured civilian supplies from the U.K. Lend Lease requirements

It was agreed that while further discussion of the principles involved should be deferred for the present, progress might be made with the drafting of a suitable public statement for consideration at a later meeting. It was recognised (i) that it would be essential during the negotiations absolute secrecy should be maintained (ii) that an announcement on December 1, or even sooner, might be suitable.

2. DOMINIONS AND INDIAN PROGRAMMES

LORD KEYNES expressed the hope that the requirements which had been put forward on behalf of Australia, New Zealand and India would be examined in a generous spirit, since the war situation in Stage II would mean that those countries would not be able to proceed to the same degree of demobilisation as would be the case in the United States and the United Kingdom. In his view therefore there would be a strong prima facie case for giving them the full measure of Lend Lease for which they had asked, particularly as they would presumably still be asked to furnish a considerable amount of Reciprocal Aid.

It was agreed that there should be a formal meeting between the U.S. group and representatives of the Dominions Governments concerned and of India on Tuesday the 31st October at a time to be arranged. It was contemplated that such a meeting would be a prelude to more detailed discussions of the Dominion and Indian programmes.

3. LOCOMOTIVES AND WAGONS FOR INDIA

LORD KEYNES referred at some length to the desirability of having these requirements met on Lend Lease. He said that there was admittedly a difference of opinion between the U.S. and U.K. military advisers as to the degree of military essentiality for both the locomotives and the wagons. Nevertheless on the U.K. side it was certain that the necessity for obtaining the wagons in 1945 would be pressed, although it might be that if lend lease terms were refused, provision of the locomotives would have to be deferred until 1946. He understood that the difficulty on the U.S. side was not so much one of supply as of the export criteria. He pointed out, however, that at no previous stage had the provision of given articles on Lend Lease terms to parts of the British Commonwealth outside the United Kingdom been taken into account in connection with exports from the United Kingdom. Thus in the view of the U.K. group the criterion proposed by the U.S. group was irrelevant. In any case the only identical locomotives which the U.K. would export in 1945 were the remainder of the same requirement for India. There would be no cash advantage to the U.K., since the receipts would merely diminish outstanding sterling balances.

LORD CHERWELL, MR. BEN SMITH and SIR ROBERT SINCLAIR supported LORD KEYNES'S arguments and urged that a distinction between military and civil requirements in this field was unreal since the non-fulfilment of a civilian necessity might well radically affect the military situation.

MR. CURRIE said that the U.S. group would have to consider this matter further. One of their main difficulties was that if the locomotives and wagons were supplied on Lend Lease they would still have a long life after the period of military or quasi-military user was ended. LORD KEYNES said that in the view of the U.K. group the U.S. position in this respect would be safeguarded by their ability to recapture the equipment in question.

4. FOOD

MR. CURRIE said that the F.E.A. had reviewed the U.K. programme and was now prepared for detailed discussions to take place with W.F.A. and the operating levels of F.E.A. The general view of F.E.A. was that the over-all size of the programme was reasonable, while they recognised that in the light of the Quebec Agreement it was right that the programme should make some allowance for an increase and an improvement in the diet of the U.K. population. The most important points which F.E.A. would wish to explore further related to (i) the extent to which the U.S. would be called upon to meet the needs of other countries especially for relief requirements (ii) the extent to which the U.K. proposed to meet any increased demand for food by running

down its stocks, (ii) the amount of imports which the U.K. proposed to draw from sources other than the United States in 1945. It was pointed out that (i) would be taken care of by the ordinary allocation machinery of the C.F.B.; what the forthcoming discussions should establish was a programme which would be acceptable from a Lend Lease standpoint subject to allocations being agreed by the C.F.B. in the light of the over-all demands on world food supplies, including those of the United States.

It was agreed that discussions should now proceed at the operating level on the lines indicated by Mr. Currie. The U.K. group noted that their representatives would be called upon to provide detailed information on points (ii) and (iii) above.

5. OIL

MR. CURRIE said that here again the U.S. were now prepared for discussions at the operating level. The point of difficulty was likely to be that of the size of the stocks of oil to be maintained in the U.K., a point which had already been raised with the Resident Minister.

LORD KEYNES said that there had been a modification of the British requirements as a result of which the net Lend Lease demands were now expected to amount to \$413 million as against a previous figure of \$475 million. He mentioned, as a matter of interest, that the U.K. would be providing a greater quantity of oil on Reciprocal Aid than the amount for which it was asking on Lend Lease, but owing to the fact that the Reciprocal Aid oil was largely made up of low priced fuel oil, the value would be less than the value of Lend Lease oil. He confirmed that the revised figure of \$413 million did not include anything in respect of certain oil products (i.e. identifiable lubricating oils) which were now being excluded from the Lend-Lease programme because of export considerations.

It was agreed that detailed discussions on oil should now proceed with Mr. Ernst of F.E.A.

6. SHIPPING

It was agreed that the detailed discussions would now begin between the British Merchant Shipping Missions, Mr. Martin of F.E.A. and Mr. Cornwall of W.S.A.

7. RAW MATERIALS AND MISCELLANEOUS MANUFACTURED GOODS

MR. CURRIE said that he thought that the way was now clear for detailed discussion of these programmes with Messrs. Griffin and Lebensburger of F.E.A. He thought that there was perhaps some misconception about the U.K. demand for open cast mining machinery since his information was that all the U.K. demands had either already been supplied or were in course of procurement. It was agreed that this point could be cleared up at the detailed discussions.

8. FUTURE ARRANGEMENTS

LORD KEYNES said that he proposed to communicate to the U.S. group on the 30th October a paper which, he hoped, would contain (a) certain revisions in the detailed figures of the U.K. requirements together with the revised oil programme to which he had referred, (b) a more detailed breakdown of Dominion and Indian requirements which the Governments concerned were now preparing, (c) a more comprehensive version of Chapter 3 setting out ways in which, in the U.K. view, the gold and dollar reserve position of the U.K. could be strengthened.

It was agreed -

- (i) that there should be a formal meeting in Mr. Morgenthau's room, with Dominion and Indian representatives on the 31st October at a time to be agreed,
- (ii) that the next meeting of the Combined Group should be on 1st November, at 11:30 a.m.
- (iii) that on the 30th October Lord Keynes should give a talk on the working of the Sterling Area dollar pool. It was agreed that this talk would probably be of interest to a wider audience of both U.S. and U.K. officials than those comprising the Combined Committee, and it was tentatively arranged that it should take place in Mr. Acheson's office at the State Department.

(Signed) Mr. Lee
Mr. Coe

Washington, D.C.

ANNEXSTATEMENT BY LORD KEYNES

I confirm what I said at the discussion on the 24th October - namely that in order to assist agreement on the date of 1st December, 1944, for the removal of White Paper restrictions on U.K. exports, we had proposed that all raw materials and manufactured goods not included in either the Munitions Programme in Chapter 1 or the Non-Munitions programme in Chapter 2 of our document should be taken off Lend-Lease with effect from the 1st January, 1945, whether Stage II actually begins on that date or not.

You will remember that I reserved the question of whether the proposed terminal date of 1st January, 1945, should apply to materials requisitioned after that date, or to materials shipped after that date, or to materials made available for shipment after that date. I am now able to let you have our considered views. I am, of course, dealing solely with the "financial" point and nothing in our suggestions to meet this point should have any effect on the flow of goods.

We suggest that the most convenient arrangement will be to proceed on the following lines:-

1. Goods which we do not require either on Lend-Lease or on cash terms during 1945.

- (a) Goods covered by Lend-Lease requisitions which are placed on board ship before the 1st January, 1945, - defined as goods which are included on a Bill of Lading signed by the Master of the ship concerned before the 1st January, 1945 - will be on Lend-Lease terms.
- (b) Goods covered by Lend-Lease requisitions which have not been placed on board ship before the 1st January, 1945, in the sense of the foregoing paragraph, but which have been made available for shipment by that date - defined as having been invoiced from the works for transport to a ship's side - will continue to move forward and be shipped, but will be paid for on a cash reimbursable basis unless other arrangements for their disposal are made by mutual agreement.
- (c) Goods covered by Lend-Lease requisitions which by 1st January, 1945, have not reached the point of having been issued from the works for transport to the ship's side, will fall outside the scope of (a) and (b) above. We hope that the amounts involved would be very small as we shall, of course, do our best to give particulars of goods we shall not require at the earliest possible date, so that cancellation action can be taken where appropriate. We assume, however, that in accordance with the usual practice there would be no commitment on the U.K. to take such goods or to pay cancellation charges.

2. Goods which we have proposed to take off Lend-Lease but of which we shall still continue to need supplies in 1945.

Goods not placed on board ship (in the sense of (a) above) before the 1st January, 1945, will be purchased for cash. The question of whether such goods would need to remain on a cash reimbursable basis and the time at which they would be transferred to U.K. Government procurement or private trade channels, would require to be considered case by case, and settled by mutual agreement.

We hope that the above proposals will be found to constitute a practical means of effecting a "clean cut at given date" solution which we believe to be in the mutual interests of both Governments.

(Signed) Keynes

27th October, 1944

UNITED KINGDOM TREASURY DELEGATION

Box 680
Benjamin Franklin Station
Washington, D. C.

October 31, 1944

Reference:

39 - TOP SECRET

Mr. Frank Coe
Foreign Economic Admin.
Rm. 1405 - Tempo T.
Washington, D. C.

My dear Frank:

You will remember that at the Sub-Committee meeting on the 27th October, Lord Keynes circulated a paper showing the Lend-Lease stocks in the United Kingdom of certain commodities.

I am sorry to say that we have now discovered that the sulphur stock figures contained in that table were not wholly accurate. Would you please be good enough to amend the figures to read as follows:

	Unit	Stock of L/L Origin	%-age of Total U.K. Stocks	No. of Months Consumption Represented by Total Stocks	Date 1944
Sulphur Acid	L.T.	85,000	97	6	Oct. 1
" Regular	"	24,000	91	5	"

I am assuming that you will circulate any necessary copies of this letter to the others concerned on the U.S. side. In other words, I am not proposing to circulate a note amending the figures given in the statement handed to you on the 27th October, although I will do so if you wish.

Yours sincerely,

/s/ F. G. Lee

October 27, 1944

**TOP
SECRET**

My dear Mr. Krug:

In accordance with the request contained in your letter of October 24th, I am sending you herewith a Top Secret document on "British Requirements for the First Year of Phase II".

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. J. A. Krug, Chairman,
War Production Board,
Washington, D.C.

**TOP
SECRET**

154

Mr. Krug would like to have a copy
of British Proposal for Phase II.

Krug

155

WAR PRODUCTION BOARD

WASHINGTON, D. C.

October 24, 1944

IN REPLY REFER TO:

The Honorable
The Secretary of the Treasury

My dear Mr. Secretary:

Since the combined production problems of the interval between the end of the German war and the end of the war with Japan are so closely tied in with the extent and nature of future lend-lease aid to Great Britain, I would very much appreciate your sending me a copy of the British proposal for Phase II, copies of which I understand have been delivered to you by the British Delegation.

I recognize that this document must be kept in strictest confidence at this time, and I can assure you that it will be treated accordingly.

Sincerely yours,

J. A. Krug
J. A. Krug
Chairman



156

WAR PRODUCTION BOARD
WASHINGTON, D. C.

October 27, 1944

IN REPLY REFER TO:

SECRET

Dear Mr. Secretary:

I have received your letter and the document, "British Requirements for the First Year of Phase II". Please be assured that this material will be handled with utmost secrecy.

Sincerely,

J. A. Krug
J. A. Krug
Chairman

Honorable Henry Morgenthau, Jr.
Secretary of the Treasury



SECRET

October 27, 1944
11:50 a.m.

QUEBEC CONFERENCE NEWS LEAK

Present: Dr. White
Mr. Glasser
Mrs. Klotz

H.M.JR: I take it that you have told Mr. White of our conversation.

DR. WHITE: Yes, he did.

H.M.JR: Subsequent to that I asked Mr. Stettinius to ask Pete Collado, as you suggested, whether you had discussed the German plan with him, and he said that during the middle of the night in the room you had discussed it with him at great length in full detail; but as far as he knew he didn't hear you discuss it with anybody else. But during the night, in greatest detail, you discussed the thing with him.

MR. GLASSER: I got a message this morning. Pete left last night and his secretary gave me the message. He said he wanted me to know that he told Stettinius that I did not discuss any Treasury matters with him except the discussed documents which both of us had. I believe that is the way he put it.

H.M.JR: I can only repeat--

DR. WHITE: Well, are those two incompatible statements?

MR. GLASSER: He didn't mention Germany in the message to me. He did the talking about the German document which we discussed. I did not indicate the content or discuss the content with him.

H.M.JR: I am only repeating what Mr. Stettinius said and you're not getting it, that during the middle of the night in confidence in your room you discussed in

- 2 -

great detail the plan we had here for Germany with Pete Collado.

But then I finished by saying, "But now let's get this thing straight, Stettinius. In view of what Collado said, you still say that Glasser is responsible for spreading stories in Montreal about this?" He said, "No, I feel he is not."

DR. WHITE: Personally, I am not satisfied, if that is the end. It is not a clear picture to me yet, Mr. Secretary.

H.M.JR: It isn't entirely clear to me, either. Either Collado or Glasser, one or the other, is not telling the truth.

MR. GLASSER: Let's assume that I did talk to Collado--

DR. WHITE: But, Harold, you were there; you don't need to make an assumption.

MR. GLASSER: Who told Stettinius that? Collado tells Stettinius that I was talking about Germany?

H.M.JR: He told me who told that and I couldn't repeat it. It was another State Department man. He said he wanted to protect this man.

But you see what he did yesterday. He went all over checking up on these leaks, you see, and one of the men in the State Department said to Stettinius that you were responsible for spreading this thing all over Montreal and that the telephone wires and the newspaper wires buzzed when they got this story and that you boasted about what the Treasury had done and threw your weight around. And as a result of that the story was picked up in Montreal and wired here.

MR. GLASSER: Was that person who told Stettinius that in Montreal?

- 3 -

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

DR. WHITE: Do you know the person?

H.M.JR: Yes, I have the name and he is a person very high up.

Let me read this to you here:

(Secretary reads aloud transcript of telephone conversation with Mr. Stettinius on October 27, 1944 at 3:25 p.m.)

DR. WHITE: As I say, it still is quite unsatisfactory. First, Harold, you were there. Did you or did you not talk exhaustively to him?

MR. GLASSER: I did not even talk exhaustively or sketchily. I listened to Pete talk. In fact, I do nothing but listen to Pete talk. You know him. He talks all the time. Even when he is hanging up his trousers and he has his trousers in his mouth he keeps on talking!

But I did not mention one detail of the Treasury program to him, even though I knew he had the document. And he said he had the document.

H.M.JR: He said he had the document?

MR. GLASSER: He saw the document.

DR. WHITE: Secondly, even setting that episode aside, somebody informed Stettinius that the root of the rumors was that Glasser was talking all over town. The man who did that either got it from someone else or made it up, himself. Now, I personally think it is terribly important to trace this thing down to its roots, because we don't often get a chance to know where the origin of these rumors is. The man who gave it to Stettinius, if he originated it, certainly had no good purpose in mind for the Treasury or the men in the Treasury. If he got it from somebody else, then that person didn't.

If it is at all possible or feasible, we ought to--

- 4 -

H.M.JR: Well, Harry, I am leaving in a few minutes. I'll be back here tomorrow. I can't do it today and I can't do it on the run. I'll be glad to talk with you and Glasser tomorrow, but--

DR. WHITE: Don't you think that--

H.M.JR: You'll never get anywhere on the thing. As I told Stettinius, they are trying to throw this thing on the Treasury, and then I said, "Where?" Well, this is the only thing that they had.

DR. WHITE: What do you want to do about Collado?

MR. GLASSER: I'd like to put this question to Acheson. Now, I went up to Montreal--

H.M.JR: Let's go into this thing tomorrow. I want to give you a full day in court and, as I say, either you or Collado, one or the other, are not telling the truth.

MR. GLASSER: I have no question about which one it is!

H.M.JR: I am not certain which one it is or isn't, but I agree with White--I'll take ample time tomorrow which I haven't got now.

October 27, 1944.

Dear Mr. Grafton:

I was much interested in your column published in the Post on Wednesday the 25th.

I myself have been a great deal puzzled lately by reading pieces whose general effect is that we ought to be careful not to make the Germans angry at us.

Won't you drop in to see me the next time you are in Washington?

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. Samuel Grafton
New York Post
New York, New York

HEG/mah

OCT 25 1944



I'd Rather Be Right

By Samuel Grafton

If I seem to be mumbling to myself today, pay no attention, I am trying to figure something out.

In his speech to the Herald Tribune Forum, on October 18, Mr. Dewey said:

"On the basis of our Treasury's ill-conceived proposals the German people were told that a program of destruction was in order for them if they surrendered. Almost overnight, the morale of the German people seemed wholly changed. Now they are fighting with the frenzy of despair. We are paying in blood for our failure to have ready an intelligent program for dealing with invaded Germany."

Get the picture. Mr. Dewey is blaming the deaths of American soldiers on Secretary Morgenthau, on the ground that Mr. Morgenthau and some of his experts went to work recently and drew up a plan for stripping Germany of her heavy industry. Secretary Morgenthau's plan is admittedly "tough." Yet it seems strange he should be singled out as the one cause for intensified German resistance. Why pick on Morgenthau? Why not pick on Eisenhower, who said last week to the Germans: "We come as conquerors!"

Why Morgenthau?

Tough as the Morgenthau plan is, it is not any tougher than the general policy of unconditional surrender.

But Mr. Dewey, like a shrewd courtroom prosecutor, picks his spots. He does not attack Eisenhower, who is plenty tough. He does not attack unconditional surrender, to which Eisenhower subscribes. He attacks Morgenthau, and he does not hesitate to suggest that this one American, and not Hitler, is the cause of American deaths.

All right, let it lie there for a minute. Here is what has me mumbling. On October 2, 1944, Colonel McCormick's Chicago "Tribune" printed an editorial, from which I quote:

"Senator Johnson of Colorado believes it is a mistake to offer Germany no terms other than unconditional surrender. . . . Mr. Johnson thinks that since the Germans learned of the Morgenthau plan to deprive Germany of all her industries, Hitler has acquired a new hold on his people. His soldiers, instead of surrendering in droves, are fighting furiously. In consequence thousands of American ~~have~~ been killed and maimed and other thousands are going to suffer the same fate."

New York Post
OCT 25 1944

A Parallel

The "Tribune" editorial then expands on this theme approvingly, and in great detail.

The parallel between this editorial, in a violently isolationist newspaper, and the speech of the Republican candidate, sixteen days later, is truly startling. The "points" are the same: Morgenthau is the villain; Americans are dying because of Morgenthau; there is something wrong in our attitude to Germany. We have heard it said that Colonel McCormick's support for Mr. Dewey is embarrassing to the candidate. But here we have an indication that it is not only Colonel McCormick who follows after Mr. Dewey; here we have Mr. Dewey following after Colonel McCormick.

Smooth and Outrageous

And there is a kind of pregnant, unstated something in both the editorial and the speech which seems to me a little frightening. Just what sort of terms do Colonel McCormick and Mr. Dewey (since they are teammates in raising this issue) want for Germany? Softer terms? Perish the thought! They both deny it vigorously. But is their position intelligible unless they are thinking, somehow, of something softer than has been offered? They would deny it. They want only a more "intelligent" peace plan. But the Germans will not surrender because our plan is merely "intelligent"; the Nazis don't care whether our plan is intelligent or not; they have been trying to blackmail us, via radio, into a softer plan.

And it is precisely this kind of vigorous hinting in which Mr. Dewey continually engages, it is precisely this extremely deft, clever ability to work both sides of the street, to say nothing clearly, but to suggest everything, that has made Mr. Dewey's campaign the silkily smooth and yet strangely outrageous one it has been. There is just something shocking about so much cleverness; it makes the chin to drop; it even makes the New York Times come out for Roosevelt.

File 164
Feb - ✓

BERNARD M. BARUCH
597 MADISON AVENUE
NEW YORK 22, N. Y.

October 27, 1944.

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

My dear Henry:

Previous to my discussion with you I had been disturbed by the turn that many of our international relationships in the economic field were taking. German reparations will affect the living standards of everybody, particularly America.

The story from the English as I hear it repeated is the same I heard twenty-five years ago. You will hear the same thing from all the other countries. I have heard no discussion of the Balkans. Norway, Denmark, Belgium, Holland and France will be coming along, and of course China and Russia.

As what I know is only fragmentary, my feelings may be baseless. What I do know, I think is very threatening to the peace of the world.

American production and standards have held the world up for many years and finally won the war. I am sure those standards can win the peace. Like your father, I have been a great advocate of what America should do in association with other nations. But we ought not to do all of it. If we attempt it, none of it will be done. Nothing can hold up many of these countries unless they modernize their business structure. For instance, does anyone know what England or France or any other country will permit an American to do in those countries? We know they have the greatest freedom of action and ownership within our laws, like anybody else.

I understand that Cherwell is too busy to see anybody before he leaves. What a different attitude to what it was at the commencement of the war when you first took hold, and the Englishman was glad to see even a civilian like myself!

2.

But it is a repetition of a time which I hope will not be repeated in the last stages of what we have to go through.

I cannot give you a definite answer upon the other matter concerning which you asked my attention because it might be one of several. With a little time it will be developed.

In the meantime, I thought I must write you this warning note, although I am doing so without having facts but rather the feel from little things people have told me.

Sincerely yours,

Bornie

P.S. I go back to a memorandum I sent you some time ago on these international relationships. Money, credit, goods, relief, aviation, shipping, disposal of surplus - these are matters which are very closely related and a body should be set up that should pass upon these things and then present a decision to the President. On that body should be a representative from the State, the Treasury, War and Navy, and Commerce Departments, and the Conversion and Demobilization Director. As Hopkins is the principal adviser to the President, doubtless he would want him on it.

There are too many different cross-currents and policies and they should be brought into one current, one policy.

I have always felt that you have never taken as firm a position on price control as the Treasury position demands. Unless we work for America with our present standards of living, there will be no permanent peace.

Oct. 27, 1944

Mr. Gaston

Secretary Morgenthau

For the time being, my answer is no to the invitation to address the A. F. of L. Convention in New Orleans, because I will have to devote my time to the War Bond program. However, if I find one week before the Convention that I will be able to address them, I would like very much to do so, and I will contact them.

See Group 10/30/44 -

October 26, 1944.

MEMORANDUM

TO: Secretary Morgenthau
 FROM: Mr. Gaston

Laurence Houghteling has asked me to inquire whether you would be receptive toward an invitation to address the A.F. of L. convention which will be held in New Orleans from November 17 to 24. An invitation has not been extended but Mr. Houghteling is sure that it would be if you should indicate that you could accept. He thought that in view of the fact that you had to cancel last year's engagement at Boston, which created some dissatisfaction before they learned just why you had to cancel it, that you might like to take on the engagement for this year. If you should be willing to speak, they would probably offer any of the three days, Monday, November 20, Tuesday, November 21, or Wednesday, November 22.

No -

*(1. see in N. Cas
 n. to L. C. 700
 P. 205/1000 of
 H. 200-1000)*

(NS)

October 27, 1944.

Memorandum

TO: Secretary Morgenthau
FROM: Mr. Gaston

You asked me to follow up on two letters included in last week's review:

(1) From Lewis S. Vermillion, Wilkinsburg, Pennsylvania, who complained that the Collector at Pittsburgh was not permitting him time to meet liability on his 1943 income tax return. Mr. Self has written a letter to the taxpayer telling him that his 1943 taxes should have been paid in full last March but asking him to get in touch with the Collector to arrange a schedule of payments which he will be able to meet, and Mr. Sullivan has also written to the Collector enclosing a copy of letter to the taxpayer. Both are attached.

(2) Charles J. Katz, of Katz, Gallagher & Margolis, attorneys of Los Angeles, wrote to complain that the Salary Stabilization Unit was refusing to go along with the decision of the War Labor Board and the arbiter in a motion picture wage case. I am attaching a letter to Katz, which has been signed by Mr. Sullivan, telling him that Mr. Burford, head of the Salary Stabilization Unit, will look into the matter on his visit to Los Angeles the 6th or 7th of November.

Action in both cases by the Bureau has been prompt and satisfactory.

M.S.

C
O
P
Y

October 19, 1944

A&C:Col: 0

PERSONAL

Hon. Stanley Granger,
Collector of Internal Revenue,
P. O. Box 2008,
Pittsburgh 30, Pennsylvania

My dear Mr. Granger:

There is transmitted herewith a copy of a letter dated October 9, 1944, addressed to the President by Lewis S. Vermillion, 1669 Laketon Road, Wilkinsburg, Pennsylvania, relative to his income tax liability for the year 1943.

The Bureau has made reply to Mr. Vermillion's communication, and there is enclosed herewith, for your information, a copy thereof.

Very truly yours,

(Signed) Victor H. Self
Acting Deputy Commissioner

ALB
Enclosures.

A&C:Col:O

October 19, 1944.

Mr. Lewis S. Vermillion,
1669 Laketon Road,
Wilkinsburg, Pennsylvania

Dear Mr. Vermillion:

Your letters dated October 9, 1944, addressed to the President and to the Secretary of the Treasury, relative to your income tax liability for the year 1943, have been referred to this office for attention and reply. You indicate that you are unable to pay the tax in question in a lump sum and request that permission be granted for payment on the installment basis.

The collection of Federal internal revenue taxes is a duty vested by law in the Collectors of Internal Revenue. Under the terms of the Current Tax Payment Act of 1943, individual income tax for a given year must be settled in full by March 15th of the following year. The law makes no provision for installment payments as heretofore. The tax as computed on your return for 1943 should have been paid in full on or before March 15, 1944.

In the collection of taxes, it is not the intention or desire of the Internal Revenue Service to work an undue hardship on any taxpayer. However, when a taxpayer fails to cooperate with the Collector and make payment of his liabilities voluntarily, it is the duty of the Collector to take such action as is necessary to effect collection of the amount due.

The Collector of Internal Revenue, Pittsburgh, Pennsylvania, is responsible for the collection of your account, and any delay in enforcing collection would, of course, be in the nature of forbearance on the part of that Collector.

A copy of your letter to the President, together with a copy of this reply, is being forwarded to the Collector at Pittsburgh, and it is suggested that the matter be taken up with the Collector with a view to making some arrangement for payment.

Very truly yours,

(Signed) Victor H. Self

Acting Deputy Commissioner.

ALB

October 27, 1944

Dear Mr. Katz:

I wish to acknowledge receipt of your letter of October 12, 1944, addressed to Secretary Morgenthau re Screen Cartoonists Guild and Walt Disney Productions, Inc.

I am advised by the Salary Stabilization Unit of the Internal Revenue Bureau that no action has been taken in this case pending the visit to Los Angeles of A. D. Burford, Deputy Commissioner of the Salary Stabilization Unit.

Mr. Burford tells me he will be in Los Angeles about the 6th or 7th of November and will contact you for the purpose of discussing this case with you.

Very truly yours,

Charles J. Katz, Esq.,
Katz, Gallagher & Margolis,
111 West Seventh Street,
Los Angeles 14, California.

JLS:vls

Mrs. Keog

See Page #2
110 #5
#7

MEMORANDUM FOR THE SECRETARY.

October 27, 1944.

Mail Report

During the past week the Sixth War Bond Drive again dominated the mail. There was a great volume of replies to our letters and telegrams, and with these responses were many unsolicited suggestions, both types expressing approval of the Drive and confidence in its success. Thus far, there has been much less objection to the cost of the telegrams than we have had during previous Drives, and also fewer protests on the size of the individual quota for employees of business firms.

We struck a new low in bonds submitted for redemption -- 18 were addressed to the Secretary for this purpose. However, critical letters on the over-the-counter plan for cashing bonds increased, and all spoke of very high turnover in particular localities. Other bond mail followed the usual pattern, with complaints on delays very few. Tax mail also was unimpressive, with only 9 requests for overdue refunds.

There was a slight shift noticeable in the mail, in connection with surplus property sales. Already there are protests as to the method of handling announcements, releases, etc. These are still negligible, but there is the indication that this may become an important section of our mail receipts. There were 2 requests for dogs this week, prompted by news that the K-9 Corps is being demobilized.

The political campaign has been reflected hardly at all in our mail. There are occasional allusions to political issues, but the approach of election day

- 2 -

Memorandum for the Secretary.

October 27, 1944.

has failed to arouse partisans of either one side or the other, so far as the Treasury is concerned.

The so-called Morgenthau plan for de-industrializing Germany drew 20 communications, and for the fourth week the favorable outnumbered the unfavorable 3 to 1.

W. F. Forbush

Favorable Comments on Postwar Plan
for Germany

David M. Van Buuren, The Plaza, New York, New York.
I am sending you herewith a study which I have written, entitled, "Isolate the 'Master Race'," which gives a condensed version of a method of dealing with Germany after the war which apparently has not been considered so far. I hope this will be of interest to you, and place myself at your disposal. I am a Belgian, a former banker of Brussels, and Professor of the Deontology of Finance at the Université Libre de Bruxelles.

Dr. jur. F. A. Milch, Detroit, Michigan. I enclose a copy of an article about the question of how to prevent Germany to prepare a third world war. Last year I sent it to the New York Times, but I think it was not published, perhaps because at that time the idea of soft peace terms was prevalent in this country. Meanwhile, people have learned about the terrible change of the German's character by Hitler and the Nazi ideas. * * * The Nazis have transferred big sums to neutral countries in the last ten years. They have deposits in the banks and own estates, mines, houses, factories, and so on. This will be, no doubt, all under cover. It is necessary to prevent Germany to use these properties for rearmament. Therefore, they have to be transferred to the Allies by the Armistice. * * * A model may be the law of the Nazis compelling the Jews to declare their possessions and threatening incorrect declaration with draconic punishment. To inform you about myself.... I have been executive president of German mortgage banks for about 25 years, until 1933. * * *

Desmond Brown, New York, New York. (A World War I Veteran.) I wish to congratulate you on the statement you issued in reference to Germany in making it an

- 2 -

agricultural country after the War is over. I hope and trust that you are able to win your point of view with the leaders of the Allied Nations, and those of our country.

Anonymous -- Postmarked, Mountain View, California. I am taking the liberty of sending you my remarks to the security problem with some references to your de-industrializing plan. Some of the enclosed papers were published as letters to the editor in different newspapers. I should be happy if some of my remarks could help you in your project. You may utilize my remarks in any way you will find suitable. The fact that my family is still under German occupation makes it impossible to sign this letter. However, I hope that the moment of their liberation is not far ahead and then I shall disclose my name to you.

I would like to see this article from Stars & Stripes

your to Hq 10/31/44

Lieutenant Edward A. Norman, U.S.N.R., Fleet Post Office, New York, New York. I am writing this after reading the enclosed article in the "Stars and Stripes", as one member of the Forces who wants to congratulate you on the stand you are taking, and to say that it will be most heartening to many of us if your point of view prevails. I know that a number of us feel a most discouraging fear that once again our victory will be in vain because of "soft" thinking at home. Anything less than you suggest is sure to result in the rise of a new industrial class in Germany, which not only will compete with us in the none-too-abundant markets of the world, but which is bound to try to annihilate us in a third world war. May you succeed with your highly intelligent policy.

Ena Seely, "Lindum", Park Lane East, Reigate, Surrey, England. As a British woman, I write to congratulate you on your reported stand against Germany ever again becoming a great industrial power. The world could manage very happily without Germany. * * * If big

- 3 -

business or party politics ever allow Germany to become strong again, then woe will betide the rest of the world. * * * No one who has not lived in this part of England can realise the horror of the flying bombs. They would be as toys compared with what the devilishly clever Germans would have ready next time. * * * Thoughtful, middle-aged people who have lived through two terrible wars due to Germans, heartily agree that Germans should only be agriculturists. With all their cleverness, they would make a good living from the land. I wonder if the Americans realise that German business methods all over the world, and South America in particular, were largely instrumental in causing the great depression in the world trade, from which millions of innocent people suffered! With best wishes for your good health and prosperity.

Lawrence Anathan Loeb, Member of New Haven Real Estate Board, New Haven, Connecticut. Enclosed please note a copy of a letter sent to The Kiplinger Washington Agency which is self-explanatory. I have not entertained, nor do I now, the impression that you were any more militantly revengeful nor felt any differently than millions of others whose relations are now fighting in this war. (The following is quoted from letter addressed to the Kiplinger Agency by Mr. Loeb.) "We are subscribers to your publication and note in a previous issue, and again in today's issue, reference to what appeared to be unrelenting and humanly unreasonable terms of surrender adapted by the Secretary of the Treasury at the expense of our fighting forces, who as a result are consequently meeting kill-or-be-killed tactics. I note that you again single out Morgenthau as the 'chief offender'. * * * I have not seen any publicity elsewhere of such expressions on his part and consequently am curious to learn what was the basis for your publication in this matter."

- 4 -

Unfavorable Comments on Postwar Plan forGermany

J. P. Kemper, Hammond, Louisiana. * * * Germany is essentially an industrial country and cannot sustain herself agriculturally. To force her to attempt to do so will not only completely demoralize eighty million people, but will spread chaos throughout Europe with the economy of which Germany is unalterably intertwined. If the Mosaic law is applied, there can be no peace. The idea that Americans can be induced to be cruel like Germans, or Frenchmen, or Spaniards, or Italians, is fantastic. We will not be a party to any proposal the purpose of which is to permanently relegate the Germans to a condition that will prevent their exercising their skill. But we will lend our strength to directing that skill to purposes beneficial to all the world, as well as Germany. * * *

American Mother -- Postmarked New York City. How can you rest or sleep? Instead of speeding peace, you're looking for world destruction. You must be heartless. All people deserve a square deal, including the Germans. No, I'm not a Fascist or Nazi. I'm an American mother with two sons serving their country, but you -- cold-blooded and heartless -- have no concern. Not even your better-half, Mr. Roosevelt. Unconditional surrender! Playing checkers with our boys' blood.

- 5 -

General Comments

K. H. Schweitzer, Folding Carrier Company, Oklahoma City, Oklahoma. On my return from a sojourn of several weeks in Mexico, I feel prompted to address you in order to call to your kind attention a most deplorable incident which I have witnessed on several occasions, particularly in the town of Acapulco, in the State of Guerrero. In accordance with Treasury regulations, travelers visiting Mexico are properly cautioned not to take into the country U. S. currency other than \$2.00 bills or American Express Travelers' Checks, either one of which are readily exchanged at the prevailing rate of 4.80 to 4.85 pesos per U. S. dollar. In the port of Acapulco there were several U. S. warships and merchant ships, and the soldiers, marines, and sailors from these ships who came ashore did not have any knowledge of the regulations existing in regard to the carrying of U. S. currency other than \$2.00 bills. Consequently, these boys came ashore with bills in denominations of \$5.00, \$10.00, and \$20.00, and had them exchanged there by scalpers and black market operators, who paid 3.25 to 3.50 pesos per U. S. dollar, causing our boys to lose on the exchange, roughly, 25%. I asked several of the boys whether they could not have exchanged their currency aboard ship, to obtain either \$2.00 bills or American Express Checks. In all cases the boys professed complete ignorance and seriously doubted that the purser aboard ship could or would have made such exchange for them. A group of my American friends in Acapulco have elected me to address this communication to you to point out this shortcoming, and add our recommendation that aboard all ships landing in Mexico, due notice be posted for the convenience of the soldiers, marines, and sailors, and at the same time that provision be made for the exchange of money into what is considered legal tender in Mexico. While I am not familiar with similar restrictions applicable to other countries, I believe the same general principle should be applicable. * * *

Harry White, does this come under you? If so please do something about it. Mr. White's
H. W. Schweitzer

- 6 -

James G. Patton, President, Farmers Educational and Cooperative Union of America, Washington, D. C. In the past week, Mr. E. L. Olrich, one of your Assistants, has made two speeches that are deeply disturbing to those of us who hope to see this country make a smooth transition from wartime to peacetime economy. Specifically, members of the National Farmers Union are deeply concerned over Mr. Olrich's position, and fear that it represents the position of the Treasury Department. This I am unwilling to believe. * * * The two principal points of concern are (1) his assertion that the Treasury, in effect, is going to do just about what business interests tell it to do in the disposal of surplus property; (2) his attacks on the preferences required by the law for farmers, veterans, small business, cooperatives, agencies of local government and educational and charitable institutions. I do not believe that you agree with Mr. Olrich in his intemperate criticisms of the Surplus Property Act and his obvious refusal to accept any other than the generally discredited big business view of what is in the public interest, and should appreciate your informing me as to the considered position of the Treasury in this matter.

- 7 -

Favorable Comments on Bonds*Phoned Gumbel 10/31 -**I want to ans this myself. Please prepare letter for my sig. MM 2*

Grover C. Helm, President, The National Bank of Bloomington, Bloomington, Illinois. Knowing how vitally interested you are in the new program of allowing banks to cash Series E Bonds over-the-counter, I thought that you would be pleased to view the record of one country bank, such as our own. * * * On the first day 189 of the 279 bonds redeemed had been issued by Credit Unions and factories. We have talked to several bankers, and the majority of them informed the writer that the notice having gone out that October 2nd would be the first day, naturally many people who would have sent their bonds in during the last two or three weeks waited until the opening day, which, of course, made a lot of activity in their banks, but most of them thought it would gradually dry up. The reaction of the public is wonderful. They appreciate the fact that they do not have to pay either 25¢ or 50¢ and we have been told in some instances they have had to pay \$1.00 for certification of their bonds. You are to be congratulated for the inauguration of this new policy.

Frank Silver, New York, New York. I recently, in fact today, had to cash some War Bonds. This I didn't like to do. However, I appreciate the fact that the Government pays interest for the use of my money. I like the profit system but this money I have no taste for, so I would appreciate your accepting this gift of your own interest. (Check for \$2.73) I would like it to go to the benefit of our service men, so please make this available to the proper agency. I will still buy more War Bonds.

Unfavorable Comments on Bonds

Robert A. Beeland, Jr., Greenville, Alabama. Just a line from one of your old 1933 FCA employees. I was in Montgomery yesterday and went by the First National Bank. A line of people, several hundred deep, was moving toward the windows to cash War Bonds. It looked like a 1932 run on a failing bank. Here in my small town of Greenville, the local bank has cashed in over 500 War Bonds since October 2nd. The presidents of both banks stated they estimated more bonds would be cashed in October than during the prior two years. In discussing the matter, I found a number of people thought "they were due to turn in their bonds". Some figured the war was over and the Treasury no longer needed the money. Others were cashing in just because they saw it being done, and the Treasury had made it easy. Some thought the bonds would go down in value as they did after World War I. * * * An investigation shows that most of these bonds are being turned in by small owners, wives and families of service men, industrial workers and small salaried people. * * *

C. B. Moore, General Chairman, Brotherhood of Railway and Steamship Clerks, Chesapeake & Ohio System Board of Adjustment, Richmond, Virginia. In keeping with the policy of our organization in investing our funds, our Board has consistently invested every dollar that it could possibly spare in Series G War Savings Bonds. We were told that if we needed the money they could be cashed on one month's notice in writing on the first day of any month. Believing this to be true, we invested money in bonds which we knew we would have to have at some later date to take care of some unusual expenses which we do have periodically. * * * We are now going through one of those periods where we are having unusual expense and need some money. * * * Anticipating our needs, we wrote the Federal Reserve Bank at Cleveland on August 22, 1944, serving notice of our desire to cash

- 9 -

three of our \$1,000 bonds, the money to be delivered to us on October 1. Under date of August 24, Mr. O. O. Sparrow of the Cleveland Bank wrote us advising that our notice had been accepted for redemption of the bonds we desired to cash, and sent us certain papers to be executed in order that check to cover the bonds might be delivered to the First Huntington National Bank at Huntington, West Virginia, where we keep our account. * * * The papers were executed in accordance with the Cleveland Bank's instructions, and within the time limits prescribed. Our bank contacted October 7, and we learned that the check had not been delivered. We wrote Mr. Sparrow on October 10, and requested advice with respect to failure to deliver the check. We are today in receipt of reply dated October 18, reading: "The bonds were submitted to the Treasury Department for redemption and we have asked the Treasury to expedite the redemption". Here it is October 20, twenty days beyond the date we were told we could get our money. Believing that our money would be delivered in accordance with the advice furnished us, we incurred expenses which we do not now have funds to cover. This is a most embarrassing situation and, if this is the procedure our Government is going to follow with respect to the handling of our money, it is going to be necessary for us to cash all of our bonds and put our money where we can get to it when it is actually needed. * * *

Mrs. Loyce Pinchaski, New Orleans, Louisiana. About three months or more ago I turned over two War Savings Bonds of \$100 each to the Federal Reserve Bank to be cashed. The bonds were purchased by my late husband and payable to me at death. My husband was chief engineer on a ship that was torpedoed. * * * Upon presenting these bonds for payment, I was informed that I had to furnish an affidavit of death of my husband, also have papers signed by the Postmaster, even though the bonds had already been certified by my bank. I complied with the orders. After waiting about two weeks or more I called upon the bank. I was instructed

- 10 -

that I had to have a death certificate from the War Department, and again papers to be signed by the Postmaster. My husband was working under the rules of the Maritime Commission. I had to secure a death certificate from them. I had a death certificate which I offered to furnish a photostatic copy of -- this would not do. So I secured a new one, had the Postmaster sign some more papers, again complying with the orders of the bank. Again I waited for some news from the bank. Not receiving any, I called and was notified that the entire matter was being taken up with Washington. At a later date I received copy of enclosed letter. Note the date. (September 1, letter of inquiry by bank to Treasury.) * * * About two or more weeks later I again marched around to the bank and wanted to know why the delay this time. I was told that I would hear from the attorney, and that I would be required to sign papers, that in the event my husband showed up alive, I would return the money. This was about three weeks ago. Today the bonds are still in the hands of the bank and I am waiting for the money. * * * I am the owner of hundreds of dollars worth of War Bonds, payable to my daughter. I was thinking about all the trouble I am having of getting \$200 worth cashed, what trouble she would have cashing about \$2,000 worth. Maybe it would not be a bad idea if I were to cash all my bonds and place the money in the bank where there would be no delay or trouble getting it out now, or even at death. * * *

R. O. Arnold, Treasurer & Manager, Covington Mills, Covington, Georgia. The Treasury Department has done something to convey the impression that you want all the little "E" Bonds cashed in. The Bank of Covington has cashed more than 1,700 bonds since October 1st. It will be hard to sell bonds to our employees as fast as you can cash them in, under present arrangements.

- 11 -

Congressman Thomas E. Martin (Iowa). Because of the importance of a letter I have received from one of my outstanding constituents with reference to the Sixth War Loan Drive, I am quoting it as follows: "I received today a long telegram from Washington urging me to put the heat on our employees for an average quota of \$75.00 cash deduction for investment in bonds during the Sixth War Loan Drive. A copy of this telegram follows and it must have been sent to all businessmen with employees. * * * This seems one of the silliest things that ever happened to us because the Government does not need to send us a \$5.00 telegram to get our support. It is all the more discouraging when a small printed notice sent to us without postage would accomplish the same thing and convince us at the same time that the money being squeezed out of wages is being handled with some sort of reasonable stewardship. We doubt very much whether the bonds purchased by our employees would pay for this vast number of telegrams sent forward so needlessly. I am now expected to request our employees to divert their wages and deny themselves with this as an example of the manner in which their money is being handled. This is a small thing, but somebody should raise hell about it some place." * * *

Nan Manuel, Norfolk, Virginia. (Telegram) Think it awful you jeopardize lives of fighting men by allowing bonds to be cashed in so easily. To ninety percent people cashing it is not an emergency. With new bond drive coming up it seems a vicious circle as patriotic citizens suggest bond easy payments be stopped immediately.

Erle P. Dudley, ex-Capt., Engineers, AEF No. 1, Kellogg, Idaho. If the Browder-Hillman combination win the forthcoming election will it be a wise plan to continue to put my money into War Bonds? If that bunch gets in, I am very skeptical about the future of our country. The good and able Senator Byrd, who is trying to inject

- 12 -

some economy into the present Administration, has stated several times that 55% of those now employed by the Government have no connection with the war effort. Personally, I have put approximately 25% of my earnings into War Bonds, the intelligence people have shown much appreciation of what they considered valuable data I have furnished them, have helped on all Drives, and did all I possibly could to get back into the service again. * * * I wonder if the Army will be given orders to carry the Wop Petrillo out of his office for apparently the same crime that the Montgomery Ward man was carried out.

- 13 -

Unfavorable Comments on Taxation

Lt.(jg) S. D. Lorton, Springfield, Illinois. Please find enclosed herewith copy of a letter received by my office from one of my income tax clients. It is apparent that the Deputy Collector has violated Treasury Department Rules and Regulations and should be discharged because of such violations. Due to the fact that the same situation has occurred frequently, it is evident that such Deputies have been instructed to carry on such malicious gossip using gestapo tactics. * * * The Springfield, Illinois, office has not allowed a single tax hearing as yet. Before such hearing is allowed to proceed, they decide there is no liability and thus avoid the contest. In other cases they force the taxpayer into a settlement, but at all times discrediting myself. The illegal methods carried on by the Springfield, Illinois, Collector's Office is unbearable. (The following is quoted from a letter written to Lt. Lorton by Mr. and Mrs. Robert Matson, Beecher City, Illinois.) "Just a line to tell you we have just finished a three-day session with Mr. Johnson, of Effingham, and had our income reports for 1942 and '43 checked. He thought he had done a thorough job, and we agreed with him. The first couple of days, he took considerable time out to tell us what a crooked man you were. I finally pointed out we were there to check the reports, not to establish your reputation, and we proceeded a little faster after that. He was very nice to us and only asked for a check for Fourteen Hundred and Sixty-three Dollars (\$1,463), which we didn't pay. There may be some mistakes, but we don't think that large. Will you now give this matter your attention and tell us how to proceed? * * * "

H

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE October 27, 1944

TO Mr. White
FROM S. Gold *W.S.*

Subject: U. S. Industry Advertises for Russian Market.

1. The active interest of American business in the Russian market is revealed by the fact that American industry has just contracted for a quarter of a million dollars for industrial advertisements in Russian publications. Most of this expenditure will be incurred in acquiring space in a buyer's guide prepared by Amtorg, the Soviet trade organization in the U. S.

2. U. S. manufacturers are reported to have flooded Amtorg with requests for space in the buyer's guide, necessitating strict allocation of space and careful editing of advertisement content by Amtorg in order to assure maximum descriptive information and representation of products of interest to Soviet industry.

3. The American businessmen who bid so eagerly for space in the Amtorg guide are now awaiting invitations to participate in the forthcoming Moscow Industrial Fair, where samples of American products are to be exhibited by the Soviet Chamber of Commerce.

(Source: Wall Street Journal, October 16, 1944)

Original to Mr. D. W. Bell; photostat to
Dr. White.

188

CONFIDENTIAL

Bell &



White

**HEADQUARTERS ARMY SERVICE FORCES
OFFICE OF THE FISCAL DIRECTOR
WASHINGTON 25, D. C.**

OCT 27 1944

SPFMR - P-9308

The Honorable,

The Secretary of the Treasury.

Dear Mr. Secretary:

Receipt is acknowledged of your letter of October 20, 1944, requesting that arrangements be made to ship \$20,000,000 of gold to Assam, India, either by air or by water in shipments spaced over an appropriate period of time.

Insofar as transport by water is concerned, I can assure you that the War Department is prepared to make arrangements for immediate shipment by Army transport of whatever monthly quotas are desired.

With respect to gold shipments by air, the urgent military demands on air transport facilities to the China, Burma, and India Theater make it necessary to obtain air priority from the theater. The Chinese Government recently requested that the War Department arrange for air shipment of Chinese banknotes of ninety (90) tons a month for the next three or four months. General Stilwell was advised of the request and air priority was assigned for only seventy (70) tons during the month of October and the balance of the currency will of necessity have to be made by water shipment.

Under the circumstances, therefore, if gold is to be shipped to India for delivery to the interior of China, it would appear that it will be necessary to depend on water shipment. The War Department is prepared to arrange for shipment of the gold by the fastest available vessel allocated to the Army for shipment to Calcutta without charge to the Chinese Government for transportation but without assumption of risk by the War Department.

Sincerely yours,

A. H. CARTER,
Major General, G.S.C.,
Fiscal Director.

This document contains information affecting the national defense of the United States within the meaning of the Espionage Act, Title 18, U.S.C. 31 and 32, as amended. Its transmission or the revelation of its contents in any manner to unauthorized persons is prohibited by law.

CONFIDENTIAL

CABLE TO AMEMBASSY, QUITO, ECUADOR

Information contained in your 1015 of October 20 is appreciated.

Amlegation Bern reports that a communication dated August 30 conveying Ecuadoran request that bearers of Ecuadoran papers in Hungary be protected by Switzerland has been received by Swiss government from Ecuadoran consulate, but that Swiss reply stated that since Ecuadoran interests are not represented in Hungary by Switzerland, they could not consider this request.

As you note ffrom foregoing, it is essential that, in addition to the specific request to protect persons with Ecuadoran passports, Ecuador requests Switzerland generally to assume the representation of Ecuadoran interests in Hungary. Please cable Department and Board as soon as such request will have been cabled from Quito to Switzerland.

11:05 a.m.
October 27, 1944

CABLE TO AMBASSADOR WINANT, LONDON, FOR MANN FROM PEHIE

I have been advised that proposed warning from General Eisenhower to Germans concerning atrocities against persons in concentration and labor camps is still awaiting clearance from the British. The proposed warning was cleared with all interested agencies here and has been approved by the President. I urge that you do everything possible to expedite clearance in London where matter has been referred by British military authorities.

THIS IS WRB LONDON CABLE NO. 18.

11:05 a.m.
October 27, 1944

CORRECTION

MFD-265

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

October 27, 1944

In cable number 3272, October 26, 10 p.m., from
Lisbon, code block should be "(SECRET W)" instead of
"(SECRET F)".

DIVISION OF COMMUNICATIONS AND RECORDS

JMB

Lisbon

Dated October 27, 1944

Rec'd 2:09 p.m., 28th

Secretary of State,
Washington.

3279, Twentyseventh, 7 p.m.

FOR LEAVITT FROM PILPEL JDC 109 WRB 237

Guins left Tangier afternoon October 26 carrying
total 434 refugees. Melvin Goldstein received North
African validation. Awaiting necessary French visa.
Is Joseph Schwartz well.

NORWES

CSB

CABLE TO AMEMBASSY, MADRID, SPAIN

Reference is made to Department's 2519 of September 11. In view of difficulty of transportation of 155 sephardics in Belsen-bergen to Spain, it is requested that the Spanish government exercise its good offices to obtain their release from Germany and temporary admission into Switzerland. It would be appreciated by this Government if requests to that effect were made by Spanish missions in Berlin and in Bern. American Minister in Bern has been instructed to support request to that end from his Spanish colleague.

11:05 a.m.
October 27, 1944

CABLE TO MINISTER HARRISON AND MCCLELLAND, BERN, SWITZERLAND

(1) Reference is made to your 6469 of September 29 and 6964 of October 20.

The following is the substance of a cable received from Amembassy Quito under date of October 20 in regard to matter discussed in your 6469:

QUOTE The Foreign Office of Ecuador states that it has received no specific request for the clarification of telegram under reference and is at a loss to understand the cause of difficulty in interpreting the Ecuadoran consulate's note of May 12, since cable instruction of May 8 seems perfectly clear. The only communication received by the Foreign Office from the Consulate at Geneva concerning the protection of individuals in Germany claiming Ecuadoran nationality was a letter of May 25 requesting INNER QUOTE some opinions and advice END OF INNER QUOTE. On September 7, The Foreign Office replied by airmail letter which presumably has not reached Geneva as yet.

Yesterday the Foreign Office wired the Ecuadoran consulate in Geneva substantially as follows: INNER QUOTE Repeating instructions issued to you previously to arrange for government of Switzerland to ask that German officials respect rights of persons protected by papers and documents of Ecuador. Take steps to obtain action by Swiss Government at once. In addition, in this connection, you are asked to contact the American diplomatic representative END OF INNER QUOTE. UNQUOTE

Department and Board appreciate difficulty pointed out in paragraph 2 of your 6964 and attempts are being made to have Ecuador make a formal request to be represented by Switzerland in Hungary. It is assumed that Swiss QUOTE reluctance UNQUOTE reported by you continues notwithstanding your suggestion that they approach problem in spirit indicated in Department's 2490 of July 21, item 6. Reference is made in this connection to Department's 3996 of October 13 item three.

(2) 155 sephardic Jews now in Belsenbergen in possession of Spanish passports are unable to proceed to Spain in view of military situation. It is suggested that you informally request Swiss officials to grant them temporary admission in Switzerland. Attempts will be made to get Spanish government to present identical request formally.

THIS IS WRB BERN CABLE NO. 243.

11:05 a.m.
October 27, 1944

CABLE TO MINISTER HARRISON AND MCCLELIAND, BERN, SWITZERLAND

The following is the substance of a cable received from Amembassy San Salvador under date of October 23:

QUOTE In a note backdated to October 17 but received only today, former Foreign Minister Dravila declares that his Government authorizes the United States Government to compile lists of persons claiming Salvadoran citizenship and without prior preference to the Salvadoran Government to send them to the Swiss Government in accordance with the Department's Circular Airgram of September 18. UNQUOTE

Foregoing is communicated to you with reference to Department's 3180 of September 14, item one, paragraphs 5 and 6, 3255 of September 21, item 4, and 3290 of September 23.

THIS IS WRB BERN CABLE NO. 244.

2:00 p.m.
October 27, 1944

CABLE TO AMBASSADOR STEINHARDT, ANKARA, FOR KATZKI FROM WAR REFUGEE BOARD

Reference your No. 1988 of October 18 (Ankara's 166 to War Refugee Board). Interested groups here have requested Board to obtain reasons for need to evacuate Transnistrian repatriates from Rumania. Please report to Board any information you are able to obtain concerning this matter.

THIS IS WRB ANKARA CABLE NO. 122.

3:00 p.m.
October 27, 1944

DEPARTMENT OF STATE
DIVISION OF

MB-984 1944 OCT 30 PM 3 52
This telegram must be
paraphrased before being
communicated to any
other than a Government
agency. (SECRET)

Chungking

Dated October 27, 1944

Rec'd 11:27 p.m., 28th

Secretary of State,
Washington.

1745, October 27, 6 p.m.

FOR TREASURY FROM FRIEDMAN

One. Treasury notification to National City Bank and United Clearing Board does not meet army preference that regulations be issued for United States civilian government personnel similar to those issued for army personnel. (Reference 1350, October 19) Army prohibition covers sale and purchase of all United States dollar instruments while at present some civilian government personnel buying United States dollar instruments except for UCB drafts.

Two. Departing personnel can at present convert CN dollar proceeds of sale of personal and household effects in Black Market without appreciable loss except for individuals here for considerable time before allowed to use Black Market. If administratively feasible recommend exception be made for those departing civilian

For security reasons the text of this message must be closely guarded.

CONFIDENTIAL

-2- 1745, October 27, 6 p.m., from Chungking

civilian government personnel here during more than 6 months of 1943; if not administratively feasible, no exception should be made. The Ambassador concurs in this proposal.

Three. Army and Navy personnel would not be affected by proposed exception for civilian personnel since they do not have for sale on departure personal or household effects purchased at official rates. Army and Navy here consulted and both feel that any exception made for civilian government personnel need not apply to them.

Four. It is assumed that civilian government personnel would have difficulty bringing United States dollars into the United States or treasury checks issued by Army finance Officer in exchange for currency or PO money orders.

GAUSS

WMB

NOT TO BE RE-TRANSMITTED

COPY NO. 11

SECRET

OPTEL No. 349

Information received up to 10 a.m., 27th October, 1944.

1. NAVAL

MEDITERRANEAN. Makaraka Island (Adriatic) has been captured by Partisans. Skopelos (Aegean) has been evacuated by enemy. On 23rd aircraft from one of H.M. Ships successfully attacked M.T. in area S.W. Salonika.

2. MILITARY

WESTERN EUROPE. Hertogenbosch now completely occupied by Allied troops. Excellent progress made in area Hertogenbosch-Tilburg with armoured column operating N.E. of Tilburg. As result of amphibious landing on South Beveland a firm lodgment has been secured and casualties are reported light.

ITALY. Operations on Eighth Army Front hampered by very heavy rain but our leading troops are established on River Roncha southwards from point about two miles north of Highway 9. Elsewhere progress greatly reduced by swollen rivers and bad roads.

3. AIR OPERATIONS

WESTERN FRONT. 26th. 1,230 heavies without loss dropped through cloud 514 tons Leverkusen Chemical Works, 776 tons Hanover A.F.V. Works, 538 tons Munster Aircraft Repair Works and Railway Centre, 162 tons Bottrop Synthetic Oil Plant, 760 tons Mittelland Canal Aqueduct, 492 tons Bielefeld Ordnance Depot. Bombers supported by 723 fighters who destroyed two enemy aircraft for loss of two missing. 493 fighters (4 missing) attacked communications in Metz and Coblenz Areas destroying 15 locomotives and cutting railway tracks in 41 places. Mosquitoes of Coastal Command set fire to 2,000 ton cargo vessel off Kristiansand.

MEDITERRANEAN. 25th. 307 fighters and fighter bombers successfully attacked communication targets in battle area and PO Valley.

October 28, 1944
9:51 a.m.

201

HMJr: Hello.

Robert
Patterson: Henry.

HMJr: Talking.

P: I'm coming over to see you.

HMJr: Right.

P: Is -- that's a date?

HMJr: That's a date.

P: Right. I haven't got anyone with me. Is that okay?

HMJr: I'll have nobody with me.

P: I mean you didn't expect me to bring along

HMJr: No.

P: Right.

HMJr: No.

P: All right.

October 28, 1944
11:00 a.m.

QUEBEC CONFERENCE NEWS LEAK

Present: Mr. White
Mr. Glasser

H.M.JR: Did you get my note?

MR. WHITE: Yes, I did. I read them.

H.M.JR: I have all the time you gentlemen want,
now.

MR. WHITE: Well, I believe that unless for some reason or other you don't feel you can do it, that you ought to find out from the man who informed Stettinius where he got his information and why he made that statement.

H.M.JR: Could I see those things? (Refers to clippings as follows: Krock, New York Times, September 22; Hightower, New York Times, September 24; and Flynn, Wall Street Journal, September 23.)

MR. WHITE: These are pretty accurate. There are three of them. The Wall Street Journal is the best. (Hands the Secretary the above clippings)

H.M.JR: Can I take a minute or two to study these? You say the Flynn story is fairly accurate?

MR. WHITE: Fairly accurate. Apparently he did not have the document before him, but he received that information from some one who knew the document fairly well, though there are some points in each one of them which are not quite accurate. But they are, on the whole, minor points, so the three together make a fairly accurate story.

- 2 -

H.M.JR: I think it would be a good point to ask Stettinius if his people also went with Flynn to help him out. He admits he went over the thing with Hightower.

MR. WHITE: Oh, he did?

H.M.JR: Yes, they admit that Hightower went to the European Division of the State Department and told them what he had and they corrected it, and so forth.

MR. WHITE: That is the first we heard of that.

H.M.JR: I am thinking out loud. I think the thing for me to do is call up Stettinius and ask if he won't see you two gentlemen, that we are very much disturbed here about this thing that has been said about Montreal, and that Collado says that you talked at midnight with him, you say you didn't, and that I think he ought to have Collado in.

MR. WHITE: Yes, I would like to be there and have them both in, with Stettinius.

Wasn't it more or less by accident that you heard that the source of the stories was Montreal?

H.M.JR: No, you see, Stettinius called me up the other day on another matter and I made the crack on the French Lend-Lease that I hoped that this wouldn't get in the paper. He got kind of angry and I don't blame him for it - in the fact that I was sitting on the French. I said, "Let's talk about it."

Before he came over he evidently got everybody together in the State Department and had a regular session on it, at which McDermott interviewed a lot of people including Hightower, and this man in the State Department made the flat statement this thing came out of Albany. That was in preparation to coming over for lunch. Now, there is no accident. He read from a memorandum of McDermott's on this thing.

- 3 -

MR. WHITE: So it may simmer down to the fact that the man who told that to Stettinius might say that that is what the reporters told him, and that would be stumped.

H.M.JR: Well, I don't think that this man was at - well, Stettinius isn't in the office. He is going to call in and when he does I will ask him to make an appointment.

MR. WHITE: All right.

H.M.JR: A little later on I want to see you.

MR. WHITE: I wonder whether you would consider calling a meeting - this is something else with regard to the British arrangements - for Monday, if possible, to get the Dominions in to get them started in the same way that the British have. We agreed on that at the last meeting. They will bring some representative from each Dominion and at that you will just give a preliminary talk, asking them to present their materials and enter into the discussions in the same way that the British have. That will presumably be their first introduction to the subject. The British say they haven't mentioned or discussed it with the Dominions.

H.M.JR: Do you want the Americans again first?

MR. WHITE: Not for this. This is to just sort of give it a start-off so they can begin to prepare the material.

H.M.JR: When would you like it?

MR. WHITE: The sooner the better. Monday, if you can.

H.M.JR: In the morning?

MR. WHITE: Oh, we have a meeting scheduled with the British at eleven-thirty, so that is the only consideration.

- 4 -

H.M.JR: When do you want this?

MR. WHITE: There is a meeting at eleven-thirty. Now, if you could have it at eleven, then they could stay over and go in the other room and take that eleven-thirty meeting. It wouldn't be more than a half hour.

H.M.JR: You fix it up with Mrs. Mannen.

Stettinius says he would like to be invited from now on, as well as Acheson. So you invite him, and tell him what it is about, and if he wants to come, all right.

October 28, 1944
11:07 a.m.

Operator: Mr. Stettinius is not in the office today but they're expecting him to call in most any minute and they can have him call you.

HMJr: Will you do that?

Operator: Right.

HMJr: Are you making any progress on the other?

Operator: Not so far. She's left Saks.

HMJr: Oh.

Operator: She's been there and gone. I'm going to try Mr. Klotz now.

HMJr: Well, just hold on a minute. Do nothing for a minute.

Operator: All right.

11:54 a.m.

HMJr: I didn't want to bother you all the way up in New York -- hello?

Edward R.
Stettinius: Yes, sir.

HMJr: When you get back Monday, I wish you would take the time to see White -- Harry White.

S: Right.

HMJr: And Glasser.

S: Right.

HMJr: On this Montreal story.

S: Right.

HMJr: Because after all when the man that came and told you that -- he ought to have some facts before he makes a statement like that. I'm talking about -- not the man who slept in the room with Glasser

S: I understand.

HMJr: but the other fellow.

S: I understand.

HMJr: See?

S: I understand.

HMJr: And to spread a story like that -- where the hell did he get it from?

S: Right.

HMJr: And White and Glasser are very much disturbed.

S: Right.

HMJr: So when you get back Monday, when you have a chance, I really wish you would do that.

S: I will, friend.

HMJr: And between us maybe we can run some of this down.

S: I will.

HMJr: Now, one other thing while I have you on the phone, you were kind enough and frank enough to say that on the Hightower story they came into European Section and cleared it in the sense that they had it corrected. See?

S: Yeah.

HMJr: Well, now before the Hightower story was run, there was a story in the Wall Street Journal the day before.

S: Right.

HMJr: And I'd like you to ask your people did they also advise the Wall Street Journal how to run that story.

S: I will.

HMJr: See?

S: I will.

HMJr: And I'd like to keep pecking at this thing because there's something rotten somewhere.

S: All right, I'll -- you know that I'll do everything that I can.

HMJr: Yeah. And because for future things -- I mean both of our departments -- we've got to keep it on a basis that we can conduct negotiations without reading about it in some newspaper.

S: Now, Henry,

HMJr: Yeah.

S: before I have this private talk with Harry

HMJr: Yes.

S: can I be assured that his attitude toward me, personally, is friendly now?

HMJr: Oh, yes.

S: Well, it has -- it hasn't been in the past.

HMJr: Oh, really?

S: And I don't want to sit down with a man and have a private confidential talk unless I am sure that his heart is in the right place.

HMJr: Well, I'll tell you this: if it isn't, I won't let him come over.

S: But I want a statement from him to you

HMJr: Yes.

S: that he has the proper feeling between -- that two men should have between them.

HMJr: Well, if

S: He's been -- he's been very difficult as far as I, personally, am concerned in the past.

HMJr: Oh, I didn't know that.

S: And he's not been complimentary and I've never felt there was a spirit of confidence between us.

HMJr: Well, I'm glad you say -- now, those kind of statements made to me -- we -- I can clean up the thing.

S: Well, that's the only relationship, Henry, that you and I can have.

HMJr: Yeah.

S: I mean, life is too short, you know.

HMJr: Yeah.

S: You and I have always had a clear understanding between each other.

HMJr: That's right. Yeah.

S: And I hope we always will.

HMJr: Right. Well, now in this event -- well, they will as far as I'm concerned and -- hello?

S: Yeah.

HMJr: And as far as I'm concerned I don't care where the chips fall on this thing just as long as we get to the bottom of it.

S: That's right. But I'd like to be assured that Harry -- that Harry White's attitude toward Ed Stettinius is a decent, constructive one.

HMJr: Well, I -- I'll see that -- I'll see that it is.

S: Right.

HMJr: And if it hasn't been, it will from today on.

S: Well, it's been -- it's been pretty bad, Henry.

HMJr: Well, I'm sorry to hear that.

- 5 -

S: And now, Henry, on these meetings on Monday

HMJr: Yeah.

S: do you need me there for this Lend-Lease stuff and at lunch on Monday?

HMJr: No.

S: Well, I got -- Harry -- Harry White phoned my office and said that

HMJr: No, but

S: I had to be there at eleven-thirty

HMJr: No, I -- I just asked you as a result of your saying the next time there was one you wanted to be asked.

S: No, but I want to be -- I want to be at any meeting that you say that you want me at.

HMJr: Well, when there's one that -- I'll tell you what we'll do -- we'll keep informing you of every meeting. When there's one that I think you ought to be, I'll call you myself.

S: Well, I don't want you -- to bother you.

HMJr: No, I will.

S: But if the boys could just understand that Acheson is carrying the thing.....

HMJr: Right.

S: until you say -- until you say that you want Stettinius.

HMJr: Oh, well, then you don't want to be notified every time?

S: I don't want to be -- I want Acheson notified.

HMJr: Right.

S: Until the time arrives that -- when you want me -- whenever you want me, I will be there.

HMJr: We'll do that.
S: All right, old boy.
HMJr: Thank you.
S: Thank you, Henry.
HMJr: Bye.



TREASURY DEPARTMENT

WASHINGTON

October 28, 1944

Dear Mr. Secretary:

I am sending you a copy of our report to General Cobbs outlining a plan for a War Bond drive in the ETO. I am also sending a letter to General Cobbs which I should appreciate very much having you sign. I have also drafted a proposed letter from you to General Eisenhower and the Officers and Men in the ETO for use in the Silver Lining War Bond Drive, and also a similar letter for the President's signature. I should like to have copies of these communications for transmittal to General Cobbs through Major General A. H. Carter, Fiscal Director, Army Service Forces, War Department, Washington, D. C. Ted knows all about this in case I am not in Washington at the time they come to your attention.

May I say again how much I appreciate our evening in New York, and may I say that I really did like your speech very much.

Cordially,

A handwritten signature in cursive script, appearing to read "Peter".

Peter H. Odegard

FOR DEFENSE



A PLAN FOR A WAR BOND DRIVE
IN THE E. T. O.

Submitted by a Committee of
the United States Treasury.

Frank N. Isbey
H. B. Thomas
C. L. Whittier
Peter H. Odegard,
Chairman.

- 1 -

A FOREWORD TO GENERAL COBBS -
FISCAL DIRECTOR OF THE ETO

At your suggestion and request, we have come to the ETO to study "soldiers' savings" and to propose a plan for increasing them. It has been our privilege to inspect a number of installations in the U.K. and in France - to examine payrolls - to talk to many officers concerned with this matter - and to talk to some enlisted men. We are deeply appreciative of the friendly and helpful attitude of everyone.

There appears to be almost universal opinion that, while soldiers should save by any of the means made available to them by the Army, War Bonds are definitely the best form of saving. It further appears that in the main there is adequate and competent personnel in the forces in the ETO successfully to plan and administer an expanded and intensified War Bond campaign.

We believe that an increase in War Bond sales in the ETO will be highly beneficial to the soldiers themselves, both now and when they return to civilian life. It will help to stabilize conditions in the United States after the war by reducing inflationary pressure and also by giving greater independence to the discharged soldiers and through a reduction of inflationary spending it will help to improve our relations with those countries in which large numbers of our soldiers are on duty. We are happy to have been asked to help with such a worthwhile undertaking.

- 2 -

You, General Cobbs, have been most gracious. You and the members of your staff have facilitated our work at every turn and we are most appreciative. It is a pleasure to present to you this report and to make some recommendations which we hope may prove helpful.

- 3 -

Basic Objectives of a War Bond Drive in the ETO

A. To reduce the net retained pay in the theater and thereby help to check inflation in areas occupied or visited by American soldiers.

By accomplishing this purpose we can contribute not only to the welfare of our own soldiers but also help to foster more friendly relations with our allies both now and in the years to come.

B. To increase the total volume of soldiers' savings in order to give to as many men as possible a financial cushion during the period of transition from military to civilian life.

C. To support and strengthen the esprit de corps and general morale of the officers and men of the ETO - to further promote pride in their respective commands - to give officers and men a sense of participation and ownership in their government as citizens.

In the U.S. the promotion of war bond sales through extensive and intensive education and publicity has made an inestimable contribution to national unity, efficiency and morale. The experience of BAD #2 and the Eighth Air Force with War Bond Drives has demonstrated that these collateral values are as great and as real in the Army as in civilian life.

D. To maintain a voluntary savings program.

It is important that the savings program for the ETO

- 4 -

be based on the principle of voluntary action. A soldier is subject to innumerable restraints and compulsions. In deciding what to do with his money he wants to do "as he damn well pleases". We should also like to emphasize that in our judgment a War Bond Drive in the ETO should be voluntary in the best sense of that word.

II. The Market for War Bonds in the ETO

A. The General Financial Picture

The total monthly payroll in the ETO is in the neighborhood of \$172,000,000 (This was the payroll for August).

Approximately 11.5 per cent of this, or about \$19,000,000, is "disbursed" to officers.

Approximately 34.5 per cent of this total is "disbursed" to enlisted men, or about \$59,000,000.

That is to say, some 46 per cent of the total payroll of \$172,000,000, or over \$78,000,000 is "disbursed" to officers and men.

The other 54 per cent is absorbed by various forms of savings through payroll deductions:

- | | | | |
|---|--------|----|----------------------------------|
| 1. Total allotments (other than class "B") | 45.40% | or | \$78,289,000 |
| 2. Total class "B" allotments | 5.51% | or | 9,496,000 |
| 3. Total voucher collections and misc. pay deductions | 3.76% | or | $\frac{6,489,000}{\$94,276,000}$ |

Of the \$78,000,000 or thereabouts "disbursed" to officers and men, approximately 70 per cent is absorbed by cash collections of various kinds including PTA, money orders, cash purchase of war bonds. (The largest of these items is money orders and stamps sold which in August amounted to \$21,700,811. Cash purchases of War Bonds were \$3,065,596.)

Thus the net retained pay in the ETO is about 15 per cent of the total payroll and in the neighborhood of twenty-five million dollars. Both the percentage figure, however, and the retained

Pay figure are distorted by a peculiar condition on the continent under which substantial funds have been converted into money orders made payable to the soldier himself and retained by him. Note that retained pay for August in the U.K. was 24 per cent but on the continent only .77 per cent.

B. Why War Bonds?

The savings program of the ETO including life insurance, "E" allotments, PTA, soldier's deposits and war bonds, is well adapted to meet every need of officers and men. Moreover, it is flexible enough to allow for readjustment within the system.

For many reasons we believe that war bonds represent the ideal form of soldiers' savings.

1. They are guaranteed obligations of the American Government and therefore as sound as a dollar.

2. War bonds are registered in the name of the owner and co-owner or beneficiary. If they are lost, destroyed or stolen the investor is fully protected against loss. The Treasury will, upon receiving notice, cancel the lost, destroyed or stolen bond and issue a new bond in its place.

3. Not being negotiable they are protected against market fluctuations. No investor can lose on them because of a "slump" in the bond market as was the case with Liberty bonds.

4. They are nevertheless a liquid form of investment and are redeemable for cash on demand and without notice sixty days after the date of issue. War bonds are now redeemable

for cash across the counter on presentation to any member bank of the Federal Reserve System- i.e. a majority of all banks - in much the same manner as checks are cashed or deposits withdrawn.

5. War bonds have a good rate of interest, 2.9 per cent when the bonds are held to maturity. Moreover the bonds earn interest from the first day of the month in which they are purchased.

6. Since interest is paid through an increase in the value of the bonds rather than in cash at stated intervals there is a strong incentive for the investor to hold his bonds to maturity. There is therefore less likelihood that money invested in War Bonds will be spent for frivolous or transient reasons. Moreover, by holding War Bonds to maturity the soldier may acquire the habit of saving.

7. War Bonds are issued in denominations as low as \$7.50 (\$10 maturity value) for enlisted men in the Armed Services. This G-I Bond not only makes it easier for the soldier to buy bonds, but it gives him greater flexibility in meeting his needs when and if it becomes necessary to redeem his bond or bonds for cash; that is, he will not have to redeem a bond of larger denomination than his immediate need require.

8. War Bonds may be issued in the name of the owner alone, or the owner and a co-owner or the owner and a beneficiary. If issued in the name of an owner and a co-owner they represent savings as accessible to either as a joint bank account. If issued in the name of the owner and a

beneficiary, War Bonds are inaccessible to anyone except the owner during his lifetime and to the Beneficiary after the owner's death. War Bonds therefore offer a choice of savings as flexible as a joint bank account or as restricted as an insurance policy. War Bonds are available to the co-owner or beneficiary without probate or other legal process. The investor who puts his money in War bonds can always be sure that it will go only to him or to those designated by him and no one else.

9. No other form of soldiers savings lends itself so readily to a Theater-wide promotional and educational campaign. Such a drive helps to foster and sustain general morale. The promotion and sale of war bonds can be a vehicle for the development of that wholesome competitive spirit which contributes so much to esprit de corps and to pride of officers and men in their respective commands. We realize that this is a collateral consideration, but an important one nevertheless.

10. A drive to increase soldiers savings through the purchase of War Bonds seems to us an ideal method of accomplishing the basic objectives set forth above.

C. A Theater-Wide War Bond Drive

We propose therefore a theater-wide war bond campaign to sell 100 million dollars (cash price) of War Bonds through cash sales and allotments extending over a period not to exceed six months. Setting a quota to cover a period of six months will help to sustain war bond subscriptions beyond the period of the drive. The campaign itself should not extend over a period longer than three or four weeks.

Subscriptions during the drive might be on the basis of (a) payroll allotment on Form 29-6 for an indefinite term; (b) payroll allotment for a limited term of six months (sign-up sheet); (c) cash purchases.

Subscriptions on an allotment basis are, we believe, preferable to cash purchases but both should be included in the drive.

We believe 100 million dollars over a six month period to be a reasonable objective because:

1. At the present time total monthly war bond sales throughout the ETO through "B" allotments - are approximately nine and a half million dollars. We are ignoring the cash sales because the Eighth Air Force drive may make these figures temporary.

2. At the present rate, war bond sales during a six month period will total in the neighborhood of 57 million dollars.

3. The proposed campaign will involve therefore approximately \$43,000,000 of new sales and allotments through

a period of six months - or an increase of some \$7,167,000 per month over current sales.

4. Assuming total personnel in the ETO of approximately 2,000,000 - this will involve additional war bond subscriptions of about \$3.10 per man per month.

5. In summary: A quota of 100 million dollars to be raised during a period of six months will require total war bond subscriptions for cash and by allotment of approximately \$50 per man or at the rate of \$8.50 per man per month. It must be borne in mind that nearly 64 per cent of this amount is currently being subscribed.

6. A war bond quota of 100 million dollars over a six month period would require the investment in war bonds of slightly less than 10 per cent of the total gross payroll.

7. This quota would be exceeded if each enlisted man would purchase but one \$7.50 G-I bond per month, and if each officer would purchase one \$18.75 bond per month.

This is not in addition to, but includes, current purchases.

NEW SALES REQUIRED
On Basis of August Payroll

In the August payroll, bond sales by Allotment "B" and for cash, are approximately	=	\$ 9,500,000	Mo.
	X	<u> 6</u>	
If present rate is maintained, sales for 6 months would	=	57,000,000	
Total new sales needed in 6 months		<u>43,000,000</u>	
To make the total quota		\$100,000,000	
 Total <u>new</u> sales needed each month	 =	 <u>43,000,000</u> 6	 = 7,167,000
	 =		 4.16% of total payroll per month

On the Basis of the August Payroll

	Monthly quota new sales for U.K.	Monthly quota new sales for continent
	\$ 4,167,000	\$ 3,000,000
Funds available	38,030,000	24,898,000
Quota % of Funds	11%	12%
Quota % of Payroll	4.17%	4.15%

The quota for the theatre is 4.16% of payroll per month in new business.

D. Sources of Funds

There are ample funds in the ETO to attain this goal. Sources from which increased sales can come are:

(1) From a reduction in net retained pay

It is desirable that a substantial portion of increased savings come from this source. If net retained pay were somewhat reduced, officers and men in the ETO would still have substantial funds to spend. By reducing the amount available to be spent in the ETO we should help to accomplish one of our most important basic objectives, namely, to reduce the inflationary effect of soldiers' spending on the economy of liberated areas.

(2) From a reduction in PTA

PTA has proved to be a great boon to the soldier. Experience in the Eighth Air Force Bond Drive, however, points to the probability that increased war bond purchases will be made, to some extent, with money that would otherwise be sent to the U.S. through PTA. We believe this to be salutary. By investing the money in war bonds the investor has greater assurance that his money will be saved. There is less likelihood that war bonds will be redeemed and the proceeds spent than there is that cash sent home will be spent. If those to whom PTA transmittals are normally made appear on the bonds as co-owners, they can redeem the bonds almost as readily as they draw cash from a bank if they are in need of the money. By putting some of the present PTA funds into war bonds we help to make sure that in reducing inflationary pressures in the

ETO we do not increase the threat of inflation at home.

(3) From a reduction in Soldiers' Deposits

Experience indicates also that increased war bond sales arising from the Eighth Air Force Victory Squadron War Bond Drive came in part at least from money that otherwise would have gone into soldiers' deposits.

Soldiers' Deposits offer an attractive form of saving to enlisted personnel. They pay 4 per cent interest and are in the form of cash reserves.

On the other hand, unless previously withdrawn with consent of his C.O., soldiers' deposits plus interest are returned to the soldier on discharge in one lump sum. There will be a strong temptation at that time to spend these funds rather than to re-invest them. Some such spending undoubtedly will be necessary and salutary. Much of it however will be unnecessary and will not only dissipate needed reserves but will contribute to a post-war price inflation in the United States. It is well to remember that the most serious period of inflation arising from World War I came during the period of demobilization and after the war itself was won.

We believe, therefore, that a part of the increased war bond sales necessary to attain the proposed six months goal of 100 million dollars may properly come, as they undoubtedly will come, from money that would otherwise go into soldiers' deposits.

(4) From a reduction in "E" allotments

"E" allotments are used for a variety of

purposes - the most important being family remittances by officers and men. In addition, these funds, like PTA, are undoubtedly used at home to make necessary payments on insurance policies, mortgages, and other fixed obligations of both officers and enlisted men. Undoubtedly too, as in the case of PTA, some of the money sent to the U.S. under "E" allotments goes into war bonds, bank deposits and other forms of savings. How far these "E" allotments should be diverted into War Bond purchases in the ETO must be left to each individual to decide. It is clear, however, that some of the money now going home under "E" allotments might well be invested in War Bonds in the ETO.

(5) From money now being sent home through Postal Money Orders

As in the case of PTA funds a considerable part of this money can and should be invested in War Bonds in the ETO.

(6) From accumulated bank deposits and cash in the ETO

Many officers and some enlisted men have bank deposits in English banks - others have substantial amounts in cash. A large proportion of demand deposits and practically all of these excess cash funds should be invested in War Bonds.

E. Variations as to sources of funds

The disposal of soldiers' pay varies from unit to unit in the ETO, and no uniform pattern as to sources of funds for increased war bond sales can be expected.

We have examined many payrolls of many different organizations in the U.K. and in France, and one thing seems clear: there are few, if any, units in the ETO where funds are insufficient for a substantial increase in war bond subscriptions.

The ability to buy bonds is not to be measured solely by the amount or percentage of net retained pay. For example, in FD Section 52 at Normandy Base only 11 per cent of the total payroll was retained after all allotments and cash collections. In FD Section 136 net retained pay, after all allotments and cash collections, was 34 per cent of total payroll.

Notwithstanding this great disparity in the percentage of net retained pay, the market for war bonds is substantially the same in both cases.

In both cases war bond purchases by allotment and for cash represented slightly more than 6 per cent of the total payroll.

The difference in net retained pay is accounted for mainly by the fact that in FD Section 52 PTA and postal transmittals amounted to 24 per cent of the total payroll, whereas in FD Section 136 these transmittals amounted to only 12 per cent of the total payroll.

- 15 -

Obviously in the first case there is ample room for increased bond purchases from funds now being sent home through PTA and the Post Office. In the second case increased bond purchases could be made largely from the net retained pay.

This is merely one of many illustrations that might be given to show the necessity for analyzing the war bond market on a local or unit basis.

We deceive ourselves if we measure the bond-buying potentialities of any unit simply by the percentage of net pay retained for expenditure in the ETO.

III. Objections of Officers and Men to War Bonds

A. Among the objections often raised by officers and men to the purchase of war bonds are the following:

1. "I can't afford it".

In final analysis, of course, each individual must be the judge of his ability to save through the purchase of war bonds.

We should, however, be doing the soldier a disservice if we failed to point out to him the importance, for himself and his future, of saving now, and more particularly the advantages of war bonds over other forms of saving.

2. "War bonds are all right but I'm sick and tired of trying to keep up with all the changes in the procedure of buying them, and with the red tape involved. They've changed the system twice before and now they're changing it again."

To meet this objection it should be emphasized that war bonds are guaranteed securities, registered in the name of the owner alone, the owner and co-owner, or the owner and beneficiary. All these features are designed solely for the protection of the bond buyer. But they involve a good deal more book keeping and "red tape" than would be necessary if these safeguards were eliminated.

It is true the procedure of buying and issuing bonds has been changed two or three times. It is unfortunate that

these changes have been necessary. But the Army, like other human institutions, must "live and learn". We are sure that the present plan will prove to be more efficient than previous ones. We wish it had been installed from the beginning. As a matter of fact, the new plan involves no additional burden and no change in procedure for the enlisted man. His B allotments will be continued as in the past, and cash purchases may be made in substantially the same manner as before. For officers the new procedure merely requires that he sign his name on pay day once a month to continue his B allotments. Certainly this is not sufficiently burdensome to justify discontinuance of his allotment or failure to renew it at an increased amount.

After all, war bonds are the best investment in the world. Failure to put every cent you can into them because of irritation with procedure is to "cut off your nose to spite your face".

3. "It takes too long to get war bonds now and under the new plan it will take even longer. When I buy something, I don't want to wait a month of Sundays to get it".

Because war bonds are guaranteed and registered, it takes longer to issue them than it does to handle cash. But the very fact that the Government takes time and care in making sure that the bonds are properly registered should be a source of comfort rather than a cause for irritation.

Remember that your bond begins to draw interest from the first day of the month in which an allotment is made from

your pay or in which you pay cash for a bond. This is true no matter how long it may take your wife or whomever else you designate, to receive it. If you pay for a bond either by allotment or with cash as late as the 30th or 31st day of the month that bond is yours and begins to draw interest from the first day of that month even if it is not actually delivered for a month or more to the person you designate to receive it.

We know how anxious most people are to get delivery of their bonds as soon as possible. Every effort will be made in the future to see that this is done.

4. "I prefer other forms of saving to war bonds, that is PTA, Soldiers' Deposits, etc."

If this is given as a reason rather than as an excuse for not buying war bonds it would be well to review with the individual making this objection the advantages of war bonds over other forms of saving as set forth above. Point out, for example, that when money is invested in war bonds you know it is being saved. You are not always sure when you send it home.

Point out that in the case of Soldiers' Deposits, the higher interest rate is offset by the inconvenience of having to re-invest this money after the war and the uncertainty of finding a suitable investment.

Point out also that in case of your death, war bonds, unlike Soldiers' Deposits, cannot be tied up in probate or other legal process.

- 19 -

5. "How do I know the Government will ever 'pay off' on these bonds?"

First, the Government of the United States has never defaulted on any obligation and never will as long as there is a United States.

Second, if the Government should fail to "pay off" on its war bonds, no other form of savings, whether in cash, insurance, or securities, would be worth anything. It would do you no good to bury your money because when you dug it up "it wouldn't be worth a lead nickel" if Uncle Sam went back on his bond.

Third, the fact that 81 million individual Americans, every insurance company, bank, and trust company, and nearly every corporation in the United States have invested over 200 billion dollars in Government bonds and securities - is pretty good evidence of their soundness.

Fourth, if you have enough faith in your Government to fight and if need be to die for it - surely you have enough faith in it to invest your money with Uncle Sam.

So

Save your dough
And watch it grow
In War Bonds

IV. The Organization

A. Initial endorsement and activation by Commanding Officers.

The success of any undertaking is dependent in major degree on the enthusiasm of the men responsible for it and starts with the leaders at the top. To make this drive

dynamic, the enthusiastic support of Commanding Officers is essential. The importance of such support has been amply demonstrated in the United States and in the Eighth Air Force bond campaign.

It is therefore proposed that General Eisenhower write informally and personally to the Commanding Officers of the several Armies -- of Com Z -- and of USSTAF endorsing the drive and urging support of it.

It is further proposed that the several Commanding Officers likewise write to the C. O.'s of the Divisions, the Bases and other commands under them endorsing the drive and urging support.

It is finally proposed that these communications be continued down through the channel of command to the "units". Although the communications would come from Commanding Officers, and go down through official channels, they should not be "directives" or "orders". To be fully successful, this drive must be "put over" by information, persuasion, and personal selling. In short, it must be voluntary. These communications from Commanding Officers will give the drive official approval and initial activation.

B. Planning, Administration, and Execution.

1. At the top or Theater level.

Each of the following services would have a direct interest in and part responsibility for the success of the drive.

Finance
War Bonds
Personnel
Special Service
Public Relations
Chaplain

It is recommended that a representative of each of these services from the top or Theater level be delegated to serve on a planning and administrative board. Because these services are so directly involved, the men representing them would not have to be detached since they would be working, in the main, in the area of their regular duties.

However, no group of men, no matter how able and cooperative they may be, when serving as a group, can actually run such an undertaking. This is a cardinal principle of Army organization as well as sound business organization. Therefore, it is desirable to select a particularly suitable officer to be Chairman of this board. He would, in a sense, be the C. O. of the drive serving under the Fiscal Director. The board members would serve with him as assistants and advisers, but he would have the final responsibility and authority. He could serve in this capacity for a period of sixty days and then carry on with his regular duties. The duties of the Chairman and the board would be planning, determination of policy, and overall administration.

One of the most important obligations of the Theater Chairman and the board would be the allocation of the quota, down to and including the divisions. This can be done by

apportioning the total quota on the basis of the relation which the payroll of the command or the division bears to the total payroll of the ETO. The quota should always be set in dollars and not in percentages of payroll.

2. Finance Officers on Temporary Duty

Eight officers have been sent to the ETO on temporary duty to assist the War Bond and Insurance Division. They have been assigned to various commands to promote the sale of war bonds and insurance. They have no other duties. These men could serve as field representatives for the drive. Their duties might be:

- a. To help in making plans for the education and indoctrination of the officers of the several services responsible for execution of the drive from Army level down to Unit level.
- b. To interpret policy and explain procedure so that all activities including the measurement of results will conform to the basic policies determined at the Theater level for the conduct of the drive.
- c. To serve in a liaison capacity between Theater headquarters and lower level operations.

3. At the Army, USSTAF and Com Z level

It is not desirable to try to build too large and too complicated an organization. Therefore no specific plan for administration at this level is recommended. If it proves desirable to use the talents and abilities of the officers at this level,

plans for doing so can be made by the Theater Chairman and his board.

4. Officer Personnel at the Division or Comparable Level

At this level we move from planning and administration to actual execution. The Commanding Officer of the Division should bring together the officers of the several services (Finance, Personnel, Special Service, War Bonds, Chaplain, Public Relations) and appoint one of them, or some other specially suitable officer, as drive chairman for the Division. The other officers should serve as his assistants and advisers.

The duties of the Division Chairman and his assistants might be:

a. To understand the overall plan and arrange for its execution in each unit in the Division. This will be necessary, for conditions will differ between Divisions and among the units in a Division. In this way, a war bond drive in practically every unit in the ETO can be assured.

b. To introduce the "local color", the individual initiative, and the competitive element so important in this kind of a drive. Each Division will want to outdo all other Divisions in sales and in clever and original methods of promotion.

c. To arrange for the best use of the skills and talents of the officers in the several services at levels below the Division.

d. The finance or disbursing officer of the

Division should assign the quota for the drive to each unit. This can be done by calculating the percentage which each unit payroll represents of the total payroll of the Division and then applying that percentage against the quota for the Division.

For example:

Suppose the Division payroll is \$1,000,000

Suppose also that the Unit payroll is \$15,000 or 1.5% of the Division payroll.

Assume the Division quota to be \$100,000

The Unit quota would then be 1.5% of \$100,000 or \$1,500.

Calculating unit quotas in this way gives full allowance to differences between units in average rates of pay and in strength. Unit quotas should always be in dollars.

5. Officers and Enlisted Personnel at the Unit Level. (Company, squadron, detachment, etc.)

At this level the accent is on execution. Here the C. O. should take an active personal interest even though the work be done by the following:

- (a. War Bond Officer
- (b. Personnel Officer
- (c. Class-A Agent
- (d. Company Sergeant
- (e. Company Clerk

a. The War Bond Officer, or other officer designated by the unit commander, should have the responsibility for the drive within the unit.

His duties might be as follows:

- 25 -

1. Establish and maintain contact with drive Chairman for the Division.
2. Correlate activities within the unit with Division plans and activities.
3. Handle such promotion for the unit as may be indicated or requested.
4. See that all officers and enlisted men doing actual personal selling be as well informed as possible regarding war bonds -- what they are -- why they should be bought and kept -- how they can be bought, etc.
5. Personally solicit B allotment and cash purchases from each officer in the unit.
6. If possible, hold a meeting of all personnel in the unit with the Commanding Officer present. Describe the drive as an overall theater operation. Announce the quota for the unit. Tell how the drive will be conducted in the unit, with details on personal selling. Give a sales talk on war bonds.
Play on the fact that this is the "best damn unit in the outfit" and urge going over the quota in a big way.
7. Put up a "quota thermometer" or some other device that will show graphically how the

- 26 -

unit is doing. This quota device should be in a prominent place where every member of the unit can see it.

b. The Personnel Officer should be prepared to handle additional B allotments and cash purchases records expeditiously. He should give every aid in preparing and expediting periodic reports of the unit's progress in the drive.

c. The Class-A Agent, when paying men, will automatically note those who are receiving comparatively large amounts and at that time urge purchase of war bonds and urge help in putting the unit over the quota.

d. The Company Sergeant should select the G. I. salesmen (see next section) and check with them from time to time to get "action". Through his supervision of these G. I. salesmen the company sergeant can make a most important contribution to the success of the drive.

e. The Company Clerk can and should play a very important part in the war bond drive. He will be of great help to the war bond officer and the personnel officer in handling expeditiously records and reports. He has frequent contact with the personnel of the unit and can be a potent one-man sales force.

6. Auxilliary help from other officers.

a. The Chaplain can be of great help in making this drive successful. He will naturally approve the general purposes of the drive, and will be particularly

interested in the advantages to the individual enlisted man. He can openly endorse the drive. Wherever and whenever he has personal contact with individuals he can urge participation.

b. Public Relations Officers should find in the drive much material with which to promote desirable publicity and thus stimulate all groups to greater enthusiasm. Through this means, pride in organization can be increased.

7. The G. I. Salesmen.

These salesmen should be selected from the enlisted personnel of the unit, not because of rating, but because of:

- a. Willingness to work at the job;
- b. Personality and standing with their fellow soldiers;
- c. Previous experience as salesmen.

Each of the G. I. salesmen should have a list of names of ten or fifteen men in his unit. He is the salesman and the ten to fifteen are his prospects. He should personally talk to each prospect to induce him to sign up for new or additional class-B allotments. He will know, or can easily ascertain, which of the men are struggling to care for dependents back home, and who therefore have little money left to spend or save. He will also know which of the men are saving little and spending a lot; he will naturally "go easy" with the former and "bear down" on the latter. Each of these G. I. salesmen should be told how much he should average per prospect. This average will be the

unit quota divided by the number of men in the unit. He should strive to better this average sale in order to make sure that his unit goes over its quota. If one man can't sign up for a new or additional allotment, another man will have to sign up for more than the average. Once the prospect says "I'll sign up" the G.I. Salesman should take him to the personnel officer or other place of purchase and see that the proper forms are executed for the new or additional B allotment.

In addition to the B allotment "sign-up" plan, each G.I. salesman should sell for cash. He knows who has "hit the jackpot" or won the poker game and has a pocket full of money. He should induce these men to go with him to the finance officer or other appropriate place and persuade them to buy for cash as many bonds as possible.

When the G. I. salesman has seen and talked to each of the prospects assigned to him, he should report the results to his unit war bond officer.

By having the G. I. salesmen do the personal selling to their fellow enlisted men, the drive will be voluntary and by persuasion rather than forced or by "command."

If each G. I. salesman does his job well, his unit will "go over" its quota -- so will the Divisions and the larger commands. The whole drive in the ETO will "go over." The success of the entire drive may depend in a major degree on the work of the G. I. salesman.

C. Outlets for the Sale of Bonds.

An important factor in this war bond drive will be the ready availability of the product to the purchaser. The soldier should be able to buy war bonds with ease and facility. The regular "outlets" or places where soldiers can sign up for B allotments or make cash purchases may be supplemented by the setting up of additional outlets from time to time during the drive.

D. Periodic reports of results.

The Theater Chairman should provide forms and set intervals for regular reports of results. These reports should be signed by the commanding officers at each level of command from the unit on up. They can, of course, be summarized or consolidated at such levels as may be indicated. The overall report in as much detail as may be practicable should be given to the commanding general of the ETO. Those officers concerned directly with the drive will know where exceptionally good work is being done, and just where the drive is lagging. The commanding officers at different levels will also have this information for their own commands and for those under them.

These reports should probably be compiled by finance officers and handled through finance channels.

E. The Problem of Circular No. 290.

The reception of Circular No. 290 has been unfavorable. Most officers with whom we have talked resent it. The resentment

seems to divide between the fact that this is still another change in war bond procedure, and the fact that it entails more work.

It should be impressed upon all personnel and finance officers that Circular No. 290 is the best scheme that has been worked out from the standpoint of the men. It will eliminate mistakes and the ill feeling that accompanies mistakes. It will also eliminate the work of tracing down and correcting mistakes. From the point of view of the buyer, Circular No. 290 represents a better way to buy war bonds. This point should be impressed upon all personnel and finance officers.

We have heard the thought expressed that the effect of Circular No. 290 will be to reduce war bond sales in the Theater by as much as 50 per cent. We cannot agree with this. The circular does not affect enlisted men. If Circular No. 290 will tend to reduce war bond sales to officers, then a special selling effort to officers is indicated.

V. Promotion.

The purpose of promotion in connection with a Theater-wide war bond drive is to inform all military personnel that the drive is taking place, to emphasize the importance of the drive, to sustain interest in the drive as it progresses, to present war bonds in such a way that soldiers will want to own more of them, and to create an atmosphere in which the sales organization can function more effectively.

It is important to emphasize that, while promotion can

make people want to own war bonds, few people are likely to buy them until someone actually asks them to do so. Thus, promotion is not complete and separate selling effort by itself. But it is a necessary supplementary aid to the sales organization.

A. Channels of information and persuasion.

1. Special Service.

Under the jurisdiction of the Special Service Division are Stars & Stripes, Yank, the American Forces Network, Motion Pictures, Army Talks, and a new publication soon to appear. We have been assured of the willingness of this division to support a war bond drive with a vigorous campaign in all of these media.

2. The Red Cross

While the Red Cross will undertake no aggressive selling of war bonds, we have been told that they will put up war bond posters in all Red Cross club rooms, and will devote at least one informational discussion period to war bonds.

3. U. S. O.

We believe it will be possible to have the theme song of the drive sung at all U. S. O. performances given in this theater. Additional cooperation by individual stars should be possible.

4. Mess halls.

These offer a dual opportunity of talking to groups of men and of placing posters in conspicuous positions.

5. Orderly Rooms.

Here is an opportunity to do some personal selling on individuals. They are good places in which to put up posters, and pass out informational leaflets.

6. Finance offices.

Personal selling to both officers and enlisted men can be done in finance offices. Posters can be put up there. Leaflets can be distributed there.

7. Wherever men are paid.

Whether it be in an office, mess hall, or tent, there is an opportunity to get in a word about "making the quota" as the men are paid.

8. PX's and Q.M. Stores.

These two types of outlets offer excellent opportunities to place posters where heavy traffic will see them.

9. RTO And ATC

These are good outlets for posters, and perhaps for directions as to the nearest place where war bonds may be purchased.

10. Mobile equipment

If it were possible, some mobile equipment might carry a war bond message in the way American Express Trucks at home carry commercial messages.

11. Latrine posters.

12. Miscellaneous channels.

The ingenuity of the local war bond officer will

suggest additional outlets for information. For example, the front of the building in which the finance office is located in Paris now carries three Liberation Posters. This is a good location for war bond posters. The local war bond officer might arrange to use the windows of vacant stores for poster showings; a window in the Champs Elysee for instance, would be seen by thousands of American soldiers.

B. Selling Devices.

1. The Quota.

The value of the quota as an impelling and successful sales device has been demonstrated, not only with civilians during five war bond drives in the United States, but with soldiers in the ETO during the drives held by Base Air Depot No. 2 and by the Eighth Air Force. The competitive spirit it engenders is an important factor; the lift it gives to the morale of each participating unit is a valuable concomitant. A quota should be set for each Army, for each Air Force, for each Base, for each Division, and for each Unit.

2. Prizes.

Prizes are a stimulating part of any drive. We recommend that prizes be worked up for different levels of command.

As a grand prize, we suggest a week's leave in Paris for one man -- to be selected by lot -- from each Division making its quota.

3. Personal Salesmanship (see Section IV)

4. Posters

We realize, of course, that paper is a problem but every effort should be made to get a priority. We are recommending that four posters be used:

- a. A message from General Eisenhower together with his picture.
 - b. A poster showing a G-I salesman selling a bond to his commanding officer.
 - c. The family scene shown with this report.
 - d. The Uncle Sam poster shown with this report.
5. News Stories, Editorials, Articles, etc.
 6. Radio Announcements, Talks, etc.
 7. Motion Picture Trailers, Shorts, End Clips.
 8. Group Talks
 9. Sign-up Sheets
 10. Sales Kits for War Bond Officers at the Unit Level.

C. The Central Sales Idea

1. The requirements of the sales idea.

Based upon our findings in the UK and in France, we believe that the best appeal to sell war bonds to soldiers in this Theater is one that combines emotion with sound common sense.

We should recognize that foremost in most soldiers' minds are dreams for the future. What each hopes to do when he returns to civilian life is constantly in his thoughts.

We think he can be made to see in war bonds an ideal means of realizing these dreams.

We understand that many soldiers feel that they are doing enough for their country by serving in the Army. We think the soldier should be influenced to view war bonds as something he should buy, not to finance the war, but as an example of sound business judgment, and for his own personal good.

We do not believe that a sales idea which was entirely emotional would accomplish its purpose. Nor would one that was wholly practical be of maximum effectiveness. Therefore we have sought a motivation that would combine emotion and practicality into a single sales idea.

We are proposing that the theme of the theater-wide war bond drive be

"YOUR SILVER LINING -- WAR BONDS".

This idea we believe to be catchy without being tricky. It is dignified without being stuffy. It holds a promise of hope for the soldier, and it is aimed directly at his interests and his concern. There is a lofty quality to it that gives it grandeur, yet it is written in a language common to all men. And perhaps most important of all, it has immediate significance, immediate meaning to all who see it.

While we would suggest that the slogan crystalizing the idea be used exactly as written above for all major publicity, there are many interesting variations which can be used to meet

local conditions and situations. Many ideas for varying the slogan will occur. A few examples of how it may be varied are given below:

"PUT A SILVER LINING ON YOUR FUTURE"

"CLIMB ON THE BOND-WAGON AND GET A SILVER
LINING"

" A SILVER LINING MAKES DREAMS COME TRUE"

"JOIN THE WISE G. I.'s --

GET YOURSELF A SILVER LINING"

(For sign-up sheets)

"HAVE YOU GOT A SILVER LINING?"

(For a sign at war bond offices)

"GET YOUR SILVER LINING HERE!"

The idea offers many interesting poster possibilities. An example is shown in the accompanying sketch. We use the family scene because returning to the wife and children, or getting married and raising children is the paramount thought in the minds of the majority of men we have talked with, both enlisted and commissioned. This poster shows the soldier in the role in which the vast majority want soon to be.

In adapting this idea to various media and uses, many original ideas will occur to officers and men. A few suggestions are given below:

THEME SONG

A good theme song is a stimulating addition to any drive. There is a natural for this one in

the old familiar favorite by Jerome Kern. "Look for the Silver Lining". It could be sung at every USO performance, and at periodic intervals over the radio.

EDITORIALS

An editorial could be written under the title of "Your Silver Lining" that would point out to soldiers the advisability of having a nest egg that can either be quickly converted into cash or left to keep on growing larger.

NEWS STORIES

"Eisenhower Opens Silver Lining Drive" would make a good news story. Other obvious ones could be written about cables from the President, Secretary Stimson and Secretary Morgenthau expressing interest in the drive.

PHOTOGRAPHS

It would be possible to run a picture of a G. I. salesman selling a bond to a Commanding Officer, with the caption under the picture saying "General Blank buys himself a piece of Silver Lining." Photos could also be run of interesting stunts that various war bond officers had worked up to promote the drive.

CARTOONS

Many ideas suggest themselves for humorous

- 38 -

treatment of the idea. One might be to have a Breger cartoon with the little character in a crap game. A very large pile of money is in front of him. In the foreground one G. I. is whispering to another saying "He says he's getting himself a silver inter-lining."

RADIO

In addition to broadcasting the theme song, radio can report periodically on the progress of the Silver Lining Drive. It can have short talks about the drive, gags about it, and perhaps even a dramatic or comedy sketch about it.

MOTION PICTURES

Trailers suggest themselves in which various Commanding Generals would endorse the drive. A short picture might be worked up about the drive -- a newsreel type of picture. All feature entertainment pictures shown throughout the ETO should carry end clips giving a message about the drive. These are but a few suggestions. We know that the ingenuity of all the officers concerned with the drive will produce many more. Thus far, we have discussed separately the channels of information, promotion devices, the central idea, and varying ways of treating the idea. A plan should be worked out for integrating them.

For each of the three major media - publications, radio, and motion pictures - a schedule of promotion should be prepared. Dates should be set on which releases would be made in publications, time given on the air, and motion pictures shown. The dates should be staggered so that there would not be promotion by all media on certain days with gaps when no promotion was reaching the audience.

The actual material to be used in these media, such as news stories, editorials, radio spots, etc., should be outlined in advance. Thus, by having a picture of the complete program, it is possible to make sure that constantly fresh approaches will be used to maintain interest for the duration of the drive.

Sales kits, leaflets and posters should be prepared together with a plan for distributing them. Dates should be set for the simultaneous appearance of all posters.

The USO should be contacted in advance of the drive. Arrangements should be made to have the theme song sung by all units at all performances, and to have it introduced with a reference to the drive. The star of each unit should sing the song.

Many more ideas for organizing the promotion of the drive will occur to the Theater Chairman and the board. Too much emphasis cannot be put upon the importance of having a carefully worked out, well integrated program prior to the opening of the drive.

VI. In Conclusion

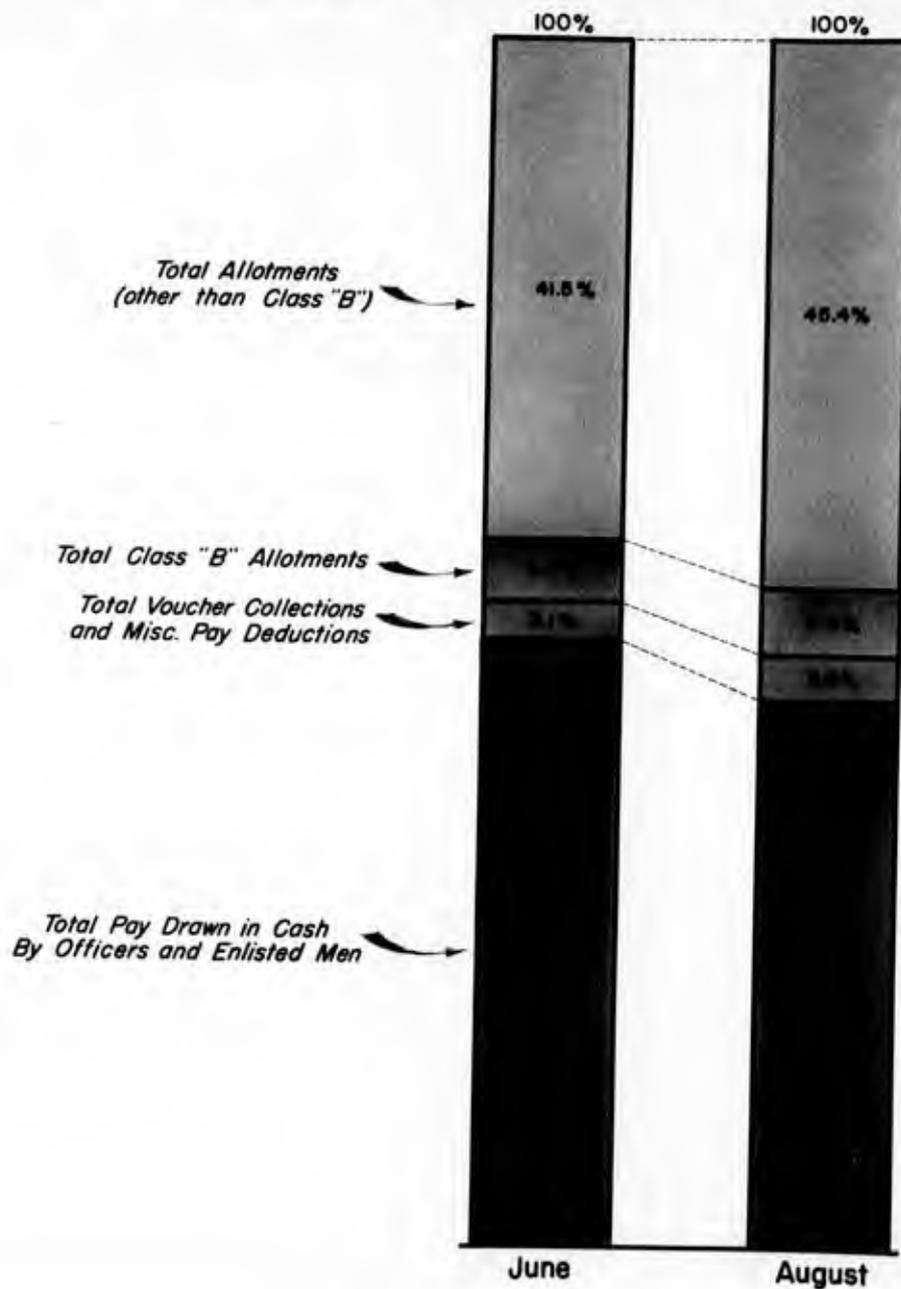
In this report we have tried to analyze the market and demonstrate that a war bond quota of 100 million dollars for this Theater is a modest one.

We have tried to outline methods by which this quota might be achieved.

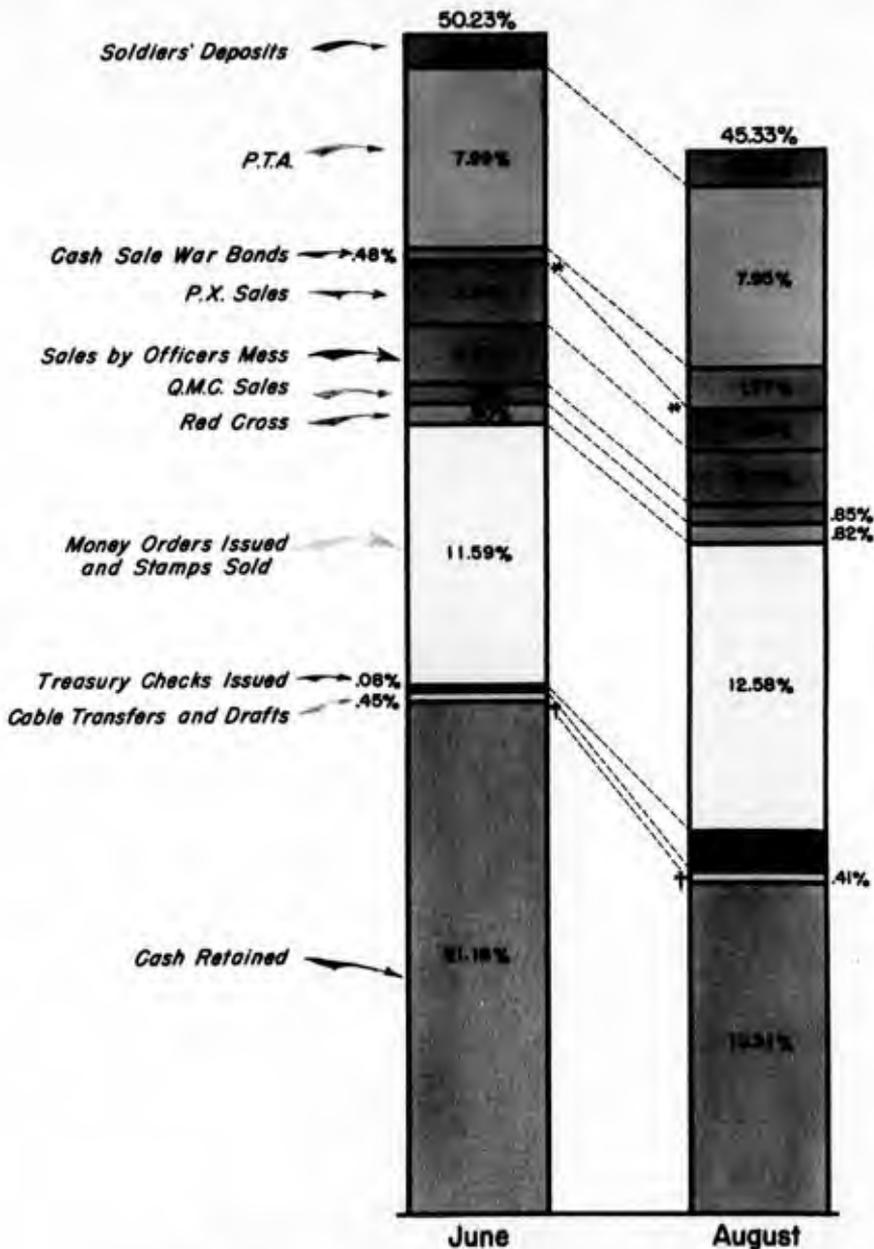
But we wish to emphasize that no plan based on thirty days' experience in the Theater can be a rigid blueprint. Rather it is a guide, and a very flexible one, to point a general direction and to serve as inspiration to those who will carry out the drive.

Like any mass selling operation, this drive will be successful in proportion to the enthusiasm put into it. Of one thing we are certain, given enthusiasm, the quota will be exceeded.

COMPARISON OF ALLOTMENTS AND TOTAL PAY DRAWN BY OFFICERS AND ENLISTED MEN FOR JUNE AND AUGUST

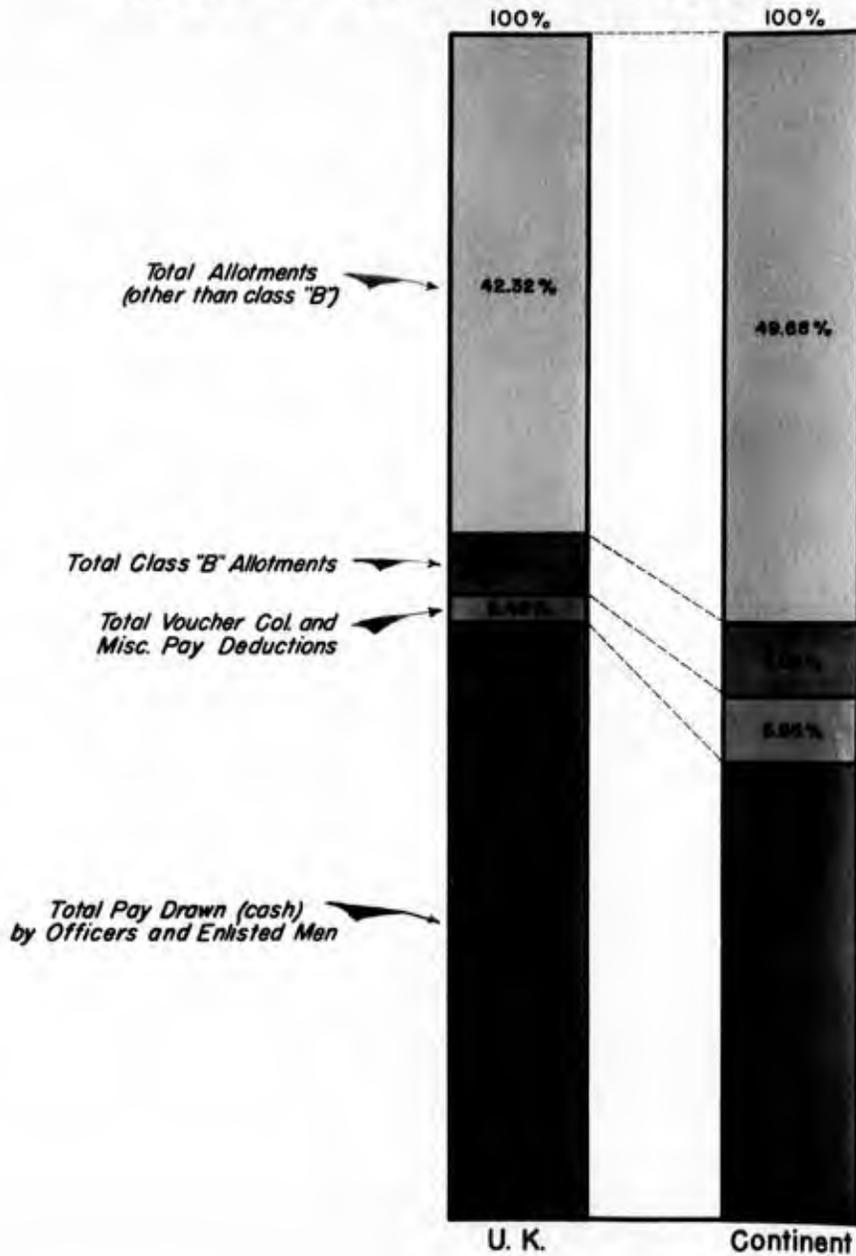


COMPARISON OF CASH RETURNED AND CASH RETAINED FOR JUNE AND AUGUST

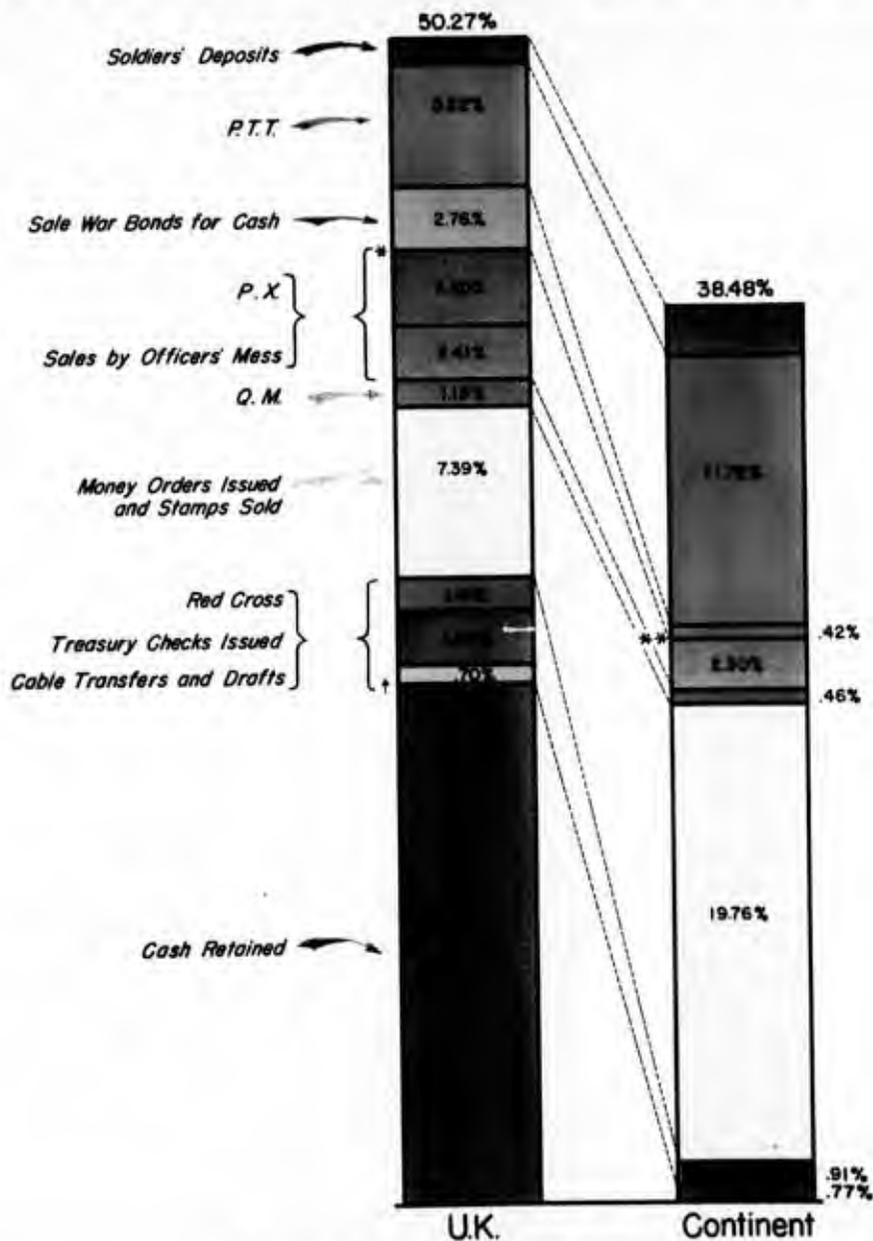


* Sale War Bonds by foreign banks .01% in each instance
 † Misc. Cash Collections, June .11%, August .09%

**COMPARISON OF ALLOTMENTS AND TOTAL PAY DRAWN
BY OFFICERS AND ENLISTED MEN IN THE U. K.
AND ON THE CONTINENT, FOR AUGUST**



COMPARISON OF CASH RETURNED AND CASH RETAINED IN THE U.K AND ON THE CONTINENT, FOR AUGUST



* Sales war bonds by foreign banks, U.K. .02%; Continent none
 † Miscellaneous cash collections, U.K. .15%; Continent none
 ** No P.X. sales on continent

Status of Negotiations on British Lend-Lease
Requirements for Stage II as at
October 28, 1944

I. Munitions

1. Ground Army.

Mr. Patterson transmitted to Secretary Morgenthau on October 23 a memorandum stating that representatives of the War Department and of the British Army had "been able to agree on the treatment of all items" in the schedule of British requirements for ground and other than air Army equipment for the first year of Stage II.

The request for locomotives and freight cars for India is transmitted to FEA.

In a letter to the Secretary of October 24, Mr. Patterson asked that the War Department be consulted before a decision is reached by FEA on tires and tire fabric, paper and paper board, nylon and polymer as there is a direct military interest in these items.

2. Air.

According to a preliminary report submitted to the Secretary by Mr. Lovett in a letter dated October 23 "tentative agreements have been reached with British representatives covering aircraft, aircraft engines, gliders, components and equipment of Army Air Force types". All major requests on the Army Air Forces except certain radio and radar items had been settled as of the above date and further information to enable settlement of these items was expected momentarily and a formal agreement was expected to be signed October 25.

Mr. Lovett's office informed Treasury late on October 28 that the agreement is now in final stages of drafting and should be ready for signing by Monday, October 30.

3. Navy and Navy Air.

Mr. Gates informed the meeting in the Secretary's office on October 25 that the Navy program was held up pending more information and that negotiations on Naval Air requirements had not begun because the British representative had not arrived.

Division of Monetary
Research

- 2 -

On October 28 Admiral McCormick's office reported that the British had replied on October 27 to the series of questions put by the Navy Department and that the reply is being considered by the Navy Department on October 27 and October 28. Joint negotiations with the British have not yet begun but are expected to early next week.

On the question of the request for naval reconditioning mentioned by Secretary Morgenthau at the meeting of October 25, Admiral McCormick's office said that the item as received from the British is considered exorbitant and not suitable to serve as the basis for negotiations with the British. Admiral Horne plans to report fully on both these points to Secretary Morgenthau on Monday or Tuesday.

On October 28 Mr. Gate's office stated that Captain Abel Smith arrived from England October 27 in the forenoon and that joint discussions on the Fleet Air Arm requirements began at once and are continuing today with good progress being reported.

II. Non-Munitions

1. Food.

The British indicated at the meeting of the Joint Subcommittee on October 27 that they felt these negotiations were not progressing very rapidly. FEA representatives stated that although the overall claims seem reasonable the principal problem to be considered is that of existing stocks and the extent to which it is appropriate to ask the British to draw on these in bringing about the easement for British civilians contemplated at Quebec. FEA feels that stocks in some commodities are excessive in view of probable Stage II contingencies. More information is needed on the size of these stocks and on anticipated imports from other sources. It was agreed that British food experts would meet with FEA as soon as possible to work this out.

2. Shipping.

FEA reported October 27 that discussions on these requirements are now going on with other U.S. agencies and the British will be brought in early next week.

Division of Monetary
Research

- 3 -

3. Oil.

Lord Keynes stated on October 27 that the problem of stocks is most troublesome here and he believed the British would propose stopping Lend-Lease of oil in excess of consumption and pay cash for all oil exported. This would cut stated requirements from \$475 million to about \$423 million. It was decided to hold a separate meeting on this although Lord Keynes thought the British could make a proposal that would not be difficult.

4. Miscellaneous Supplies.

The appropriate British experts are to contact FEA on such items as wood, pulp, tires and tire fabric, nylon, etc. The War Department in accordance with its request will be consulted on the items in which it has expressed an interest.

III. Dominions.

It was decided at the meeting of the Joint Subcommittee October 27 that

1. The British and Dominions will submit by October 30 a more detailed statement of the munitions and non-munitions requirements of the Dominions than is contained in Chapter 4.

2. There will be an initial meeting of the U.S., British and Dominions representatives in the Secretary's office Monday, October 30 at 11:30 a.m. Later meetings of technicians will follow as soon as can be conveniently arranged. Most of these discussions will be between the Dominions (separately) and the U.S. but U.K. financial interests will be involved in some problems such as the decision concerning locomotives and cars for India, the question of Reverse Lend-Lease from Australia, etc. Discussions with the Dominions can go on simultaneously with the U.S.-U.K. discussions insofar as times can be arranged.

3. FEA representatives indicated on October 27 that active consideration was being given to the request for locomotives and freight cars but that other Dominions questions can be better considered after the detailed requests are available.

Division of Monetary
Research

- 4 -

IV. General1. Export White Paper.

In a meeting of the Joint Subcommittee on October 27 the British representatives accepted in principle the points presented orally on this subject by the American side. Also tentatively agreed upon was a memorandum by Lord Keynes defining the proposed "cut-off date" in relation to Lend-Lease goods in flow although FEA wants to examine this in relation to specific categories of goods. It was agreed that the principal remaining problem now is to work out a method of announcement acceptable to both sides. Each group will prepare tentative drafts on this point and an effort will be made to integrate them at a meeting to be held in the near future.

2. Sterling Area Dollar Pool Arrangements.

Lord Keynes stated in the meeting October 27 that he would be glad to discourse on this subject and a meeting of those interested has been arranged for 11:00 A.M. Tuesday, October 31.

3. Extra Dollar Relief Asked for in Chapter 3.

The British are going to present a full statement of these claims and the reasons therefore by Monday, October 30. Some FEA representatives have felt that this subject cannot be profitably discussed until all the Lend-Lease claims have been settled but it was agreed October 27 to hold a joint meeting on it Wednesday, November 1 at 12:00 with the U.S. side meeting one hour earlier to consider the British revised statement. At these meetings the question of whether to continue the discussions at present or defer them until toward the end of the negotiations can be determined.

L. W. Casaday

Feb 263

A
S
U
R
Y

T
E
L
E
G
R
A
P
H

T
R
E
A
S
U
R
Y

T
E
L
E
G
R
A
P
H

WU31 10

1944 OCT 28 PM 1 30

NBN NEWYORK NY OCT 28 1944 1245P

HON HENRY MORTENTHAU JR

SECRETARY OF THE TREASURY

I HAVE AN ENGAGEMENT WITH LORD CHECWELL FOR TOMORROW SUNDAY

BARUCH.

129P.

OCT 28 1944

Through the Bureau of the Budget
Attorney General
Division of Federal
Register

My dear Mr. President:

There are submitted herewith for your consideration, with the recommendation that they be approved, a proposed Executive Order authorizing the Department of Commerce to inspect income, excess-profits, declared value excess-profits, and capital stock tax returns made under the Internal Revenue Code for the year 1941 and subsequent years, and a proposed Treasury decision regulating such inspection. The Executive Order and Treasury decision are submitted in accordance with the request of the Acting Secretary of Commerce for permission to inspect the returns in order to obtain information for use in connection with the research of

- 2 -

the Bureau of Foreign and Domestic Commerce of the Department of Commerce, regarding the balance of international payments and international investment position of the United States. Names and addresses of taxpayers are not to be disclosed by the Department of Commerce.

Faithfully yours,

[Signed] H. Morgenthau, Jr.

Secretary of the Treasury.

The White House.

(T. D.)

TITLE 26 -- INTERNAL REVENUE

CHAPTER I - BUREAU OF INTERNAL REVENUE

Subchapter E -- Administrative Provisions Common
to Various Taxes

PART 458 -- INSPECTION OF RETURNS

Regulations governing the inspection of
income, excess-profits, declared-value
excess-profits, and capital stock tax
returns by the Department of Commerce.

TREASURY DEPARTMENT,
Washington 25, D. C.

TO COLLECTORS OF INTERNAL REVENUE
AND OTHERS CONCERNED:

Pursuant to the provisions of sections 55 (a), 508, 603, 729 (a), and 1204 of the Internal Revenue Code, income, excess profits, declared value excess profits, and capital stock tax returns made under the Internal Revenue Code, as amended, for the year 1941 and subsequent years, shall be open to inspection by the Department of Commerce. The inspection of such returns herein authorized may be made by any officer or employee of the Department of Commerce duly authorized by the Secretary of Commerce to make such inspection. Upon written notice by the Secretary of Commerce to the Secretary of the Treasury stating the classes

-2-

of returns which it is desired to inspect, the Secretary of the Treasury and any officer or employee of the Treasury Department, with the approval of the Secretary of the Treasury, may furnish the Department of Commerce with any data on such returns or make the returns, or any of them, available in the Office of the Commissioner of Internal Revenue for inspection, and taking of such data as the Secretary of Commerce may designate. The information so obtained may be published or disclosed in statistical form, provided such publication does not disclose, directly or indirectly, the name or address of any taxpayer.

(E. O. , , and sections 55 (a), 508, 603, 1204, and 729 (a), 53 Stat. 1, 29, 111, 171; 54 Stat. 974, 989; 26 U. S. C. 1940 ed., 55 (a), 508, 603, 1204, and 729 (a).)

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Approved:

The White House.

RAY/MEN 9-22-44

EXECUTIVE ORDER**INSPECTION OF INCOME, EXCESS-PROFITS,
DECLARED VALUE EXCESS-PROFITS, AND
CAPITAL STOCK TAX RETURNS BY THE
DEPARTMENT OF COMMERCE.**

By virtue of the authority vested in me by sections 55 (a), 508, 603, 1204, and 729 (a) of the Internal Revenue Code (53 Stat. 1, 29, 111, 171; 54 Stat. 974, 989), it is hereby ordered that income, excess-profits, declared value excess-profits, and capital stock tax returns made under the Internal Revenue Code for the year 1941 and subsequent years, shall be open to inspection by the Department of Commerce, subject to the conditions stated in the Treasury decision relating to the inspection of such returns by such Department approved by me this date.

This Order shall be published in the Federal Register.

The White House

(October , 1944.)

CS:LAR:PIV
A-204,300

MR. SECRETARY:

Pursuant to request of the Acting Secretary of Commerce, there is transmitted herewith for your consideration, with the recommendation that it be approved, a proposed Executive Order for the signature of the President permitting inspection by the Department of Commerce of income, excess profits, declared value excess profits, and capital stock tax returns for the year 1941 and subsequent years. There is also transmitted a proposed Treasury decision regulating such inspection.

The language of the request of the Acting Secretary of Commerce includes "various withholding returns filed to report tax withheld from income paid to nonresident aliens and foreign corporations; and records designed to be supplemental to such returns." The proposed Executive Order and Treasury decision do not specifically name such specified documents. However, such documents as specified in the request of the Commerce Department are either returns or parts of returns and are therefore within the language of the proposed Executive Order and Treasury decision covering inspection of "income, excess-profits, declared value excess profits, and capital stock tax returns."

The inspection contemplated is for statistical purposes in connection with the research of the Bureau of Foreign and Domestic Commerce of the Department of Commerce regarding the balance of international payments and international investment position of the United States. Names and addresses of taxpayers are not to be published.

(Signed) Joseph D. Nunan, Jr.
Commissioner.

new 9-21-44

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE October 28, 1944

TO Secretary Morgenthau

FROM Mr. White *HW*1. Stabilization Fund's Gold Transactions

During the three months ending September 30, 1944, the Stabilization Fund sold approximately \$340.7 million of gold to foreign countries principally to be earmarked for their accounts with the Federal Reserve Bank of New York. Sales by countries were as follows:

Gold Sales to Foreign Countries

<u>Country</u>	<u>Millions of dollars</u>
Argentina	38.404
Chile	19.950
Cuba	20.000
Ecuador	1.390
Netherlands East Indies	.240
Norway	19.950
Peru	1.994
Switzerland	18.273
Turkey	9.972
Uruguay	10.011
United Kingdom	200.001
Vatican City	.499
Total	340.684

During the same period, the Stabilization Fund sold \$10.7 million of gold to acquire local currencies in India and Iran for the purpose of financing United States war expenditures in

- 2 -

those currencies. Sales by countries were as follows:

Gold Sales for Acquisition of Local Currencies

<u>Country</u>	<u>Millions of dollars</u>
India	9.624
Iran	<u>1.098</u>
Total	10.722

The Fund purchased approximately \$1.8 million of gold from the earmarked account of the National Bank of Denmark and \$4.0 million from the Central Bank of Peru.

In order to maintain its gold balance, the Fund also purchased approximately \$349.1 million of gold from the Treasury General Fund.

As a result of the above transactions, there was a net increase of approximately \$3.5 million in the Stabilization Fund's gold holdings by September 30, as shown in the following summary:

Summary of the Fund's Gold Transactions

<u>Sales</u>	<u>Millions of dollars</u>
To foreign countries	340.684
For acquisition of local currencies	<u>10.722</u>
Total	351.406
<u>Purchases</u>	<u>Millions of dollars</u>
From foreign countries	5.770
From the General Fund	<u>349.121</u>
Total	<u>354.891</u>
Net increase in the Fund's gold holdings	3.485

- 3 -

2. Treasury Gold Stock

During this quarter, the Treasury's gold stock decreased \$348.0 million from \$21,173.1 million to \$20,825.1 million as of September 30. Known and estimated amounts of sales and acquisitions were as follows:

<u>Sales</u>	<u>Millions of dollars</u>
Sold to the Stabilization Fund	349.121
Sold to industry	8.680
Miscellaneous	<u>1.599</u>
Total	359.400

Acquisitions

Newly-mined domestic	3.010
Imports bought directly by mints and assay offices	7.520
Miscellaneous (coin and scrap)	<u>.870</u>
Total	<u>11.400</u>

Net decrease in the Treasury gold stock	348.000
---	---------

3. Total Gold Holdings of the United States

	<u>June 30, 1944</u>	<u>Sept. 30, 1944</u>
Treasury gold stock	\$21,173,065,544	\$20,825,066,027
Stabilization Fund gold	<u>21,139,972</u>	<u>24,625,097</u>
Total	\$21,194,205,516	\$20,849,691,124

The decrease in the gold holdings of the Treasury and the Stabilization Fund during this quarter was \$344.5 million.

Treasury Department *House 273*
Division of Monetary Research

Date...October 28...19 44

To: Secretary Morgenthau

I think you will be interested
in reading the bottom of page 3
and page 4 of Mr. Friedman's letter.

H.D.W.

MR. WHITE
Branch 2058 - Room 214-1/2

COPY

SECRET

MAK 274
October 7, 1944

My dear Mr. White:

[I must begin by apologizing in advance for my typing as this is my first effort. It has taken me quite some time to get up enough courage to try to learn how to type. I have always bragged about how quickly I could learn if I tried and therefore have been most unwilling to try.]

I presume that by the time this reaches you you will have had a chance to consider the Chinese suggestion that the Treasury might be requested to take steps to help enforce a Chinese decree ordering all Chinese to surrender their foreign exchange holdings. The ostensible reason for considering such a move is that the People's Political Council suggested it as a means of financing increased allotments to soldiers. Actually the criticism in the PPC of allowing private holdings of foreign exchange is more likely a reflection of resentment against the war profiteers who are given opportunities to convert their ill-gotten gains into U.S. dollars at very favorable rates, since even the rate on missionary drafts is very low as compared with increase in profits and prices in recent years. It was probably also a manoeuvre on the part of some to embarrass those Government officials who are thought to have large holdings of foreign exchange. Moreover, it may be further complicated by the possibility that O. K. Yui, the acting Minister of Finance, wishes to demonstrate that he stands in well with the U. S. Treasury. It is being rumored here that Yui is being seriously considered by the Generalissimo as the successor to Kung and Yui does have very good political connections. He also has the advantage of having made a good impression on the PPC. In recent talks with me he has taken

- 2 -

the line that he wishes to tell all to the Secretary of the Treasury as compared with his earlier attitude of being reluctant to say or tell anything of real significance. He may, of course, be acting under instructions from Kung, but I have no way of knowing.

I presume that we would be reluctant at this critical stage in China's political history to give the present Government, without any quid pro quo, the additional strength and prestige which might result from our active support to their commandeering the foreign exchange resources of private Chinese.

The atmosphere in Chungking these days is full of rumors of coalition Government, of which the rumors about Yui are merely a part. One rumor has it that Hsu Kan, the present Minister of Food who coolly informed the PPC that no good people entered his Ministry, is also being considered as a possible successor to Kung. It is also rumored that the Minister of Education, Chen Li-fu, and the Minister of War, General Ho, are slated to be replaced, the latter by General Chen Cheng, who is now in command of the war area centering in Sian. General Chen is one of the most highly regarded of the Central Government generals, if not the most highly regarded of them all. He is said to be a bitter enemy of General Ho.

At the same time, there are stories to the effect that the Generalissimo in an address to party members last Monday denounced all talk of coalition government on the grounds that a coalition with the Communists was impossible. It is reported that Sun Fo has been urging the Generalissimo to accede to Communist inclusion in the government on the grounds that the Kuomintang now would have the superior position, but that this relative position was undergoing change as the Communists continued to gain prestige and the Kuomintang to lose it.

*(Ambassador of the
Foreign Affairs)*
276

In connection with this highly complicated political situation, the activities of Congressman Judd were particularly interesting. He has been going around being more of an apologist for the Government than the Government spokesmen themselves dare to be these days. Last Thursday a dinner was given for him by the Chinese-American Cultural Institute, to which I was invited. Among the Chinese present were Chen Li-fu, General Ho, Sun Fo, P. H. Chang, official Government spokesman, and General ^{P.S.} Wang, Jap expert to the Generalissimo. It started dull, but by the time Judd had finished speaking, there was an air of astonishment and delight. There were only four foreigners, including myself, present. After the dinner, Mac^x Fisher and ~~myself~~ (Fisher is head of OWI out here) decided it would be a good idea to make notes on what Judd said. We only put down what we both agreed was said and therefore it represents a minimum. I am enclosing copy of the notes as we made them without any editing. In reading them, it is of interest that Judd had just returned from an interview with the Generalissimo and that he had previously told Fisher that he had seen a lengthy memo telling how the wave of criticism of the Chinese Government had originated with the U.S. Army in China. If the Generalissimo already has decided that all major political decisions here must await the outcome of the elections in November, this sort of speech would have convinced him and his advisors of the wisdom of such move. No one was present from the Embassy (the Ambassador was invited, but had a previous engagement) so I reported it to the Ambassador who seemed quite disturbed. I believe he passed it on to State.

At this dinner I sat next to General P. S. Wong, one of the Generalissimo's principal advisors on Jap affairs who has a mixed reputation for accuracy and sagacity. ¹ He told me the following interesting story, asking that it be kept

1. He is a member of a Fascist clique and favors a soft peace for Japan. S. A.

- 4 -

secret and saying that he had transmitted it to the U.S. Army headquarters the previous evening. The Japanese have decided to risk their fleet in defense of the Philippines. Admiral Nomura, a submarine expert, has gone to Formosa to get ready for the attack in which the Japanese hope their subs will play a large part. This attack may only be a matter of a few days off. If the Japanese lose this naval battle, they will realize that the war is lost and it will result in a new political crisis in Japan even if the war against Germany is going on. The Japanese army will not be able to continue resistance on the Pacific Islands or in China after this naval defeat and they fully realize this. The United States should do all possible to apply direct pressure on the Japanese Homeland; all other areas are of comparatively minor importance in achieving quick victory. Japan may be defeated in this way before Germany. I don't know to what extent or degree this story can be believed in view of the uncertain reliability of the source, but it is interesting that this is not the regular government line on Japan. The Government's position seems to be that China is vital to the defeat of Japan and that more and more of the American effort should be directed to alleviating the situation here. On October 6, the Ta Kung Pao formally called for the opening of a "second front" in China by U. S. and Great Britain. I presume this is the opening gun in a full scale campaign.

[I am enclosing a letter for Sol which contains some things you may find of interest. Please give my best regards to the Division.]

Yours sincerely

Irving (signed)

[P.S. Do you think this typing would qualify me for the post of Mrs. Shanahan's third assistant. I'm afraid I know the answer.]

Notes on Speech by Walter H. Judd

at

Chinese-American Institute of Cultural Relations
October 5, 1944

First, autobiographical note on his experiences and background in China and then in America where he tried to awaken the American people to what was happening in the Pacific before Pearl Harbor. Then dwelt on over-optimistic view of everything Chinese which prevailed in the U.S. after Pearl Harbor and was further heightened by Madame Chiang's appearance (tear-jerking) in Congress. Mentioned George Fitch as another who tried to awaken American people.

Then beginning about last March, all over the country, simultaneously, as if at the click of an electric switch there began to appear criticism attacks and criticisms of the Central Government. (Clear implication if not direct statement was that Communists in America clicked switch.) One Sunday morning Earl Browder purchased full-page paid advertisement in newspapers all over the country (mentioned N. Y. Times, a Washington paper, a San Francisco paper). The point in the ads was that the U. S. must compel the Central Government ^{to} come to terms with the Chinese Communists.

Judd then elaborated briefly on the points of criticisms — aid to China goes to warlords to be retained for the civil war which is to be the real war for China, not the war against Japan; lack of democracy in China, lack of unity.

- 2 -

Speaker then proceeded to defend China against these criticisms. Said that England would have been lost by now if she hadn't had much more aid than China -- also Russia. (Hear! Hear!) Told the story of what a tough time China had had, how much she'd suffered, how much progress she'd made nevertheless. Touching on democracy, said that while Britain was regarded as one of the oldest and most experienced democracies, she had not had an election in nine years. That America, which had had an election every four years for 168 years, was having difficulties now and that many Americans said they wished we did not have to hold one at this time. When we compare these two countries with China, what right has America, who has not had even a city bombed - not been touched by the war - and England, who has not been invaded - what right had they to insist that China hold an election now in the midst of all she is going through? "It is absurd to expect that China could or should institute democracy now, in this situation." (Here the only applause during the speech, led off by enthusiastic Minister Chen Li-fu.)

Touching on unity in China, he said that the degree of unity was all that could be expected. That it was more than England and Russia would have had if they had not received more aid than China. And if America had undergone what China has, he would be surprised and grateful if she had maintained as much unity as China.

Emphasized that the Executive Branch of the Government cannot make binding commitments without the support of Congress, therefore he came out here to get information and help get American foreign policy off a partisan basis and onto a non-partisan basis. Deplored alternating democratic and Republican foreign policies which contradict each other.

- 3 -

(When he mentioned that the original source of the criticism in America had been with the Communists, there was considerable note-taking; one man translated this immediately and handed to Ho Ying-chin who nodded and smiled like a cat full of canaries. Considerable nodding of heads and rapt attention when drift of whole speech became clear. Following the break-up of the meeting Ho Ying-Chin and Chen Li-fu invited him into a separate room, apparently to continue conversation. *(Both these Kuomintang leaders favor civil war. S.A.)*

Repeatedly stated that the United States had helped Japan in her war against China.

Clearly stated that Chinese self-criticism made a good impression in the United States but that he completely sympathized with Chinese objection to criticism by foreigners.

TELEGRAM

FROM

RIO DE JANEIRO

REC'D: October 28, 5 p.m.

DATED: October 24, 1944

RESTRICTED

To the Secretary of State,
Washington, D. C.

A-2008, October 24, 12 noon.

For War Refugee Board

Preliminary and informal information made available to the Embassy by the Lithuanian Charge here indicates that number of Lithuanian refugees in Brazil (see Department's telegram no. 3139 of October 14, 9 p.m.) probably does not number more than 20 - 30, and that none at the moment appear in need of support. More definite advice will be transmitted as information becomes available.

DUNNELLY

VC:mp

CABLE TO AMERICAN CONSULATE, JERUSALEM, FROM WAR REFUGEE BOARD.

Please deliver the following message to Judah Magnes from Joseph Schwartz of the American Jewish Joint Distribution Committee:

QUOTE YOUR OCTOBER 5 HAVE ALREADY CABLED PASSMAN ASKING HIM PROCEED RUMANIA AS SOON AS POSSIBLE AND WE HERE HAVE UNDERTAKEN ALL POSSIBLE STEPS WITH DEPARTMENT TO AUTHORIZE HIS ENTRY. FULLY AGREE YOUR VIEW THAT RELIEF NEEDS BALKAN COUNTRIES SO GREAT THAT NO PRIVATE AGENCY CAN ALONE UNDERTAKE FULL RESPONSIBILITY AND WOULD CERTAINLY EXPECT PASSMAN UNDERTAKE ALL NECESSARY STEPS RUMANIAN OTHER GOVERNMENT AUTHORITIES TO OBTAIN FULLEST AMOUNT GOVERNMENT PARTICIPATION RELIEF PROGRAM WITH JDC SUPPLEMENTING WHEREVER NECESSARY AND TO THE EXTENT OUR BUDGET PERMITS. MUST POINT OUT THAT WE HAVE NOT AUTHORIZED NOR DO WE INTEND JEWISH AGENCY ACT OUR BEHALF THEREFORE WILL CERTAINLY NOT PAY FOR PROGRAMS WHICH THEY INITIATE. WE LOOK TO PASSMAN AND OUR OWN REPRESENTATIVES TO INITIATE NECESSARY PROGRAMS IN CONSULTATION WITH LOCAL COMMITTEES AND WITH US. FOR YOUR INFORMATION SALY MAYER IS IN DIRECT TOUCH FILDERMAN AND HE HAS AUTHORIZED INITIAL CREDIT TWO MILLION SWISS FRANCS AGAINST WHICH FILDERMAN HAS ALREADY DRAWN 650 MILLION LEI STILL LEAVING AN OPEN CREDIT OF ABOUT 1,100,000 SWISS FRANCS. FOR TIME BEING DIRECT TRANSMISSIONS FROM HERE IMPOSSIBLE THEREFORE HAVE TO RELY ON SALY MAYER FOR REMITTANCES BASED LARGELY ON LOCAL BORROWING. WOULD URGE PASSMAN TO GIVE AT LEAST ADDITIONAL SIX MONTHS FOR WORK IN BALKANS WHICH WE TAKING UP WITH HIS BOARD MEMBERS HERE. SHOULD HE REQUIRE ADDITIONAL PERSONNEL WOULD AUTHORIZE IMMEDIATELY ENGAGING USSOSKIN AND ANY OTHER SUITABLE ASSISTANTS AVAILABLE PALESTINE PROVIDED TRAVEL ARRANGEMENTS BALKANS COULD BE MADE. KESSLER DESTIGUE RETURNING HERE IN JANUARY AGAINST WHICH WE HAVE NO OBJECTION PROVIDED USSOSKIN OR SOMEBODY ELSE AVAILABLE REPLACE HIM THAT TIME. MEANWHILE WE INTERVIEWING AMERICAN PERSONNEL AND WILL KEEP YOU ADVISED OF RESULTS. UNQUOTE

4:00 p.m.
October 28, 1944

EOC-962

PLAIN

Lisbon

Dated October 28, 1944

Rec'd 10:18 p.m.

Secretary of State,
Washington.

3284 twenty-eighth, 1 p.m.

FOR LEAVITT FROM PILPEL JDC 104 WRD 238.

Beckelman advises 495 people from Fedhala including about 180 Palestine certificate holders now en route eastward British supplied transportation.

Office of Commanding General Mediterranean theatre authorizes Reuben Resnik enter that theatre for purpose of assuming his duties connected with welfare work there.

MORWEB

MRM

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

October 28, 1944

1 p.m.

AMBASSY

MADRID

2904

Reference is made to Department's 2519 of September 11. In view of difficulty of transportation of 155 Sephardics in Bergenbelsen to Spain, it is requested that the Spanish government exercise its good offices to obtain their release from Germany and temporary admission into Switzerland. It would be appreciated by this Government if requests to that effect were made by Spanish missions in Berlin and in Bern. American Minister in Bern has been instructed to support request to that end from his Spanish colleague.

STETTINIUS

**ACTING
(GEM)**

**WRB:BNV:EO
10/27/44**

1158

CABLE TO MINISTER JOHNSON, STOCKHOLM, FOR OLSEN, FROM WAR REFUGEE BOARD

Please deliver the following message to Chief Rabbi Ehrenpreis, Stockholm, from the Union of Orthodox Rabbis and the Vaad Hahatzala Emergency Committee:

QUOTE LATEST REPORT RECEIVED THAT NAZIS EVACUATING KAUNAS TOOK WITH THEM NO LESS THAN 16,000 JEWS, AMONG THEM THE RENOWNED RABBI ELCHANON WASSERMAN, ABRAHAM GRODZINSKI, SHABSAI WENIKOWSKI, ZALMAN PERMUT, MOSHE SKARUTO, DAVID PERLAM, SAMUEL ABA SNIEG, SHIMON DUBIANSKY, MORDCHE SHLIAPOBERSKI, BENJAMIN AZINSKY. INFLUENCE KING OF SWEDEN AND GOVERNMENT TO INTERCEDE AND REQUEST INFORMATION OF THEIR WHEREABOUTS. SWEDEN IS THE CLOSEST NEUTRAL COUNTRY FOR SWIFT ACTION. CITIZENSHIP SHOULD BE GRANTED TO AS MANY AS POSSIBLE AND ASYLUM OR PROTECTION AFFORDED WHEREVER POSSIBLE. REQUEST THEY BE RECOGNIZED AS CIVILIAN INTERNEES UNDER JURISDICTION INTERNATIONAL RED CROSS. PLEASE COOPERATE WITH OUR COMMITTEE AND REPLY. UNQUOTE

THIS IS WRB STOCKHOLM CABLE NO. 225.

9:15 a.m.
October 28, 1944

CABLE TO MINISTER JOHNSON, STOCKHOLM, FOR OLSEN, FROM WAR REFUGEE BOARD

Please deliver the following message to Rabbi Wilhelm Wolbe, 11
Olefsgotten, Stockholm, from the Vaad Hahatzala Emergency Committee:

QUOTE LATEST REPORT RECEIVED THAT NAZIS EVACUATING KAUMAS
TOOK WITH THEM NO LESS THAN 16,000 JEWS, AMONG THEM RABBIS
ELCHANON WASSERMAN, ABRAHAM GRODZINSKI, SHABSAI WENIKOWSKI,
ZALMAN PERMUT, MOSHE SKARUTO, DAVID PERLAM, SAMUEL ABA SNIRG,
SHIMON DUBINSKY, MORDCHE SHLIAPOBERSKI, BENJAMIN AZINSKY.
CONTACT EHRENPREIS TO INFLUENCE SWEDISH KING AND GOVERNMENT
TO INTERCEDE AND REQUEST INFORMATION OF THEIR WHEREABOUTS.
SINCE SWEDEN IS THE CLOSEST NEUTRAL COUNTRY PLEASE REQUEST
SWIFT ACTION, GRANTING CITIZENSHIP, PROTECTION AND ASYLUM TO
AS MANY AS POSSIBLE. REQUEST ALSO THEY BE RECOGNIZED AS
CIVILIAN INTERNEES UNDER PROTECTION INTERNATIONAL RED CROSS.
TAKE ALL NECESSARY STEPS. CONTACT OLSEN. UNQUOTE

Following for Olsen from War Refugee Board:

Please give all possible assistance to foregoing request.

THIS IS WRB STOCKHOLM CABLE NO. 226.

9:15 a.m.
October 28, 1944

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
DATED: October 28, 1944
NUMBER: 4395

CONFIDENTIAL

Following is for Amcress Nicholson from Amcress
Whisler.

It is suggested by us, having in mind implications
of press attack commented on in Legation's cable of October 23,
No. 42, to Moscow, repeated as our 4314 to the Department, that
the Department may want to have Amcress withheld action on
proposed \$10,000 transfer for Latvian refugees which was men-
tioned in Legation's cable of the 26th, No. 4365, and Depart-
ment's message of the 25th, No. 2144, pending information which
we are looking for now and we will cable the Department with
respect to persons whom the transfer would benefit.

JOHNSON

CABLE TO MINISTER HARRISON, BERN, FOR MC CLELLAND, FROM WAR REFUGEE BOARD

Please deliver the following message to Isaac Sternbuch, St. Gall,
for the Vaad Hahatsala Emergency Committee:

QUOTE LATEST REPORT RECEIVED THAT NAZIS EVACUATING KAUHAS
TOOK WITH THEM NO LESS THAN 16,000 JEWS AMONG THEM RABBIS
ELSHANON WASSERMAN, ABRAHAM GRODZINSKI, SHABSAI WENIKOWSKI,
ZALMAN PERMUT, MOSHE SKARUTO, DAVID PERLAM, SEMUEL ABA SNIEG,
SHIMON DUBIANSKY, MORDCHE SELIAPOBERSKI, BENJAMIN ASINSKY.
CONTACT MAYER AND MC CLELLAND AND INTERNATIONAL RED CROSS
FOR ALL HELP TO SAVE AS MANY AS POSSIBLE BY EVERY AVAILABLE
METHOD. SEEK INFORMATION REGARDING WHEREABOUTS. REPLY YOUR
PLANS. UNQUOTE

Following for McClelland from War Refugee Board:

Please give all possible assistance to foregoing request.

245

THIS IS WRB BERN CABLE NO. 245.

9:15 a.m.
October 28, 1944

CABLE TO MINISTER HARRISON, BERN, FOR MC CLELLAND, FROM WAR REFUGEE BOARD.

Please deliver the following message to the International Red Cross, Geneva, from the Union of Orthodox Rabbis of the United States and Canada and the Vaad Habatzala Emergency Committee:

QUOTE LATEST REPORT RECEIVED THAT NAZIS EVACUATING KAUNAS, LITHUANIA, TOOK WITH THEM 16,000 JEWS, LAST REMNANTS OF LITHUANIAN JEWRY. EARNESTLY REQUEST YOUR INVESTIGATION TO DETERMINE PRESENT WHEREABOUTS AND TO HAVE THEM RECOGNIZED AS CIVILIAN INTERNEES. PLEASE FURNISH ALL POSSIBLE FOOD AND RELIEF AND INFORM IF FUNDS NECESSARY. UNQUOTE

THIS IS WRB BERN CABLE NO. 246.

9:15 a.m.
October 28, 1944

CABLE TO MINISTER HARRISON, BERN, FOR MCLELLAND, FROM WAR REFUGEE BOARD.

Please deliver the following message to Adolph Freudenberg, 41 Avenue de Champel, Geneva, from Leland Robinson of the American Christian Committee for Refugees, Inc.

QUOTE WE ARE WORKING THROUGH NEWLY ESTABLISHED CENTRAL LOCATION INDEX SEARCHING EUROPE LOST RELATIVES REFUGEES UNITED STATES AND COOPERATING INTERNATIONAL RED CROSS ALSO OTHER MEANS AVAILABLE. CAN WE CONTACT YOU INDIVIDUAL CASES FOR SEARCHING SERVICE. NAME COUNTRIES YOU CAN OPERATE. PARTICULARLY INTERESTED FRANCE. UNQUOTE

THIS IS WRB BERN CABLE NO. 247.

2:00 p.m.
October 28, 1944

CABLE TO MINISTER HARRISON, BERN, FOR MC CLELLAND, FROM WAR REFUGEE BOARD.

Please deliver the following message to Saly Mayer from M. A. Leavitt of the American Jewish Joint Distribution Committee:

QUOTE MAGNES REPORTS JOSEPH LEVI TIMES CORRESPONDENT INFORMS HIM OVER 40,000 BULGARIAN JEWS POSSESS NO MEANS LITERALLY NAKED NO SHELTER AND REQUIRE URGENTLY CLOTHING BED COVERS MATTRESSES. THIS INFORMATION CONTRARY TO REPORT FROM PILPEL THAT BULGARIAN JEWS DO NOT REQUIRE AID. CAN YOU LOOK INTO SITUATION AGAIN AND BRING SUCH HELP AS POSSIBLE. UNQUOTE

THIS IS WRB BERN CABLE NO. 245

4:00 p.m.
October 28, 1944

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: October 28, 1944
NUMBER: 3686

SECRET

For Harrison and McClelland.

The following is the substance of a cable received from Amembassy San Salvador under date of October 23:

QUOTE. In a note backdated to October 17 but received only today, former Foreign Minister Dravila declares that his Government authorizes the United States Government to compile lists of persons claiming Salvadoran citizenship and without prior preference to the Salvadoran Government to send them to the Swiss Government in accordance with the Department's Circular Airgram of September 18. UNQUOTE

Foregoing is communicated to you with reference to Department's 3180 of September 14, item one, paragraphs 5 and 6, 3255 of September 21, item 4 and 3290 of September 23.

THIS IS WRB BERN CABLE NO. 244.

STETTINIUS
(Acting)

Bern

Dated October 28, 1944

Rec'd 11:45 p.m., 29th

Secretary of State,

Washington.

7162, October 28, 11 a.m.

FOR WRB FROM MCCLELLAND FOR LELAND REX ROBINSON
AMERICAN COMMITTEE FOR CHRISTIAN REFUGEES FROM FREUDENBERG

Important sums are urgently needed for refugee service France and Jewish relief Hungary. We were able supply Hungarian Church Committee with means continue their relief before events of mid-October. Have additional commitments but our funds exhausted. Received from you since September 3000 plus \$6,500 presumably Methodist gift for Hungary. Please do your utmost (#) regular remittances for September and October.

HARRISON

RR

(#) Apparent omission.

Miss Chauncey (for the Sec'y) Abrahamson, Akzin, Cohn, Drury,
DuBois, Friedman, Gaston, Hodel, Lesser, Marks, Mannon, McCormack,
Pehle, Files.

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: October 28, 1944
NUMBER: 7163

CONFIDENTIAL

Reference is made herewith to Department's telegram of October 23, 1944, No. 3605 (WRB 226).

The following information taken from a report from Swiss Consul General Grassli at Bratislava, dated October 10, was made available to Legation Secretary on October 26 on strictly informal basis by Swiss Division of Foreign Interests in view of non recognition by United States of so-called Slovak Government and consequent inability of Swiss officially to represent American interests in Slovakia:

There were recently arrested and concentrated in camps several thousand Jews remaining in Slovakia. The most of these Jews are at Sered Camp which is overcrowded several times the normal capacity of the camp. The Gestapo, which became a great power in Slovakia following recent uprising there took this action and not the Slovak authorities. The Jews are assembled, guarded in camps and their fate decided by German officials.

There are a substantial number of persons claiming United States nationality among these Jews. The Slovak Foreign Office was approached and it in agreement with interested Slovak authorities attempted to have the American Jews transferred to a special camp under control of the Slovaks situated near Bratislava at Marianka. Regardless of whether their right to claim nationality of American Republics was established or in doubt, the fate of these Jews was acceptable to the extent that they were detained at Marianka and they only asked to be able to continue to live in such conditions until hostilities cease. Food and lodging were paid for by them. However, on the pretext that the Jewish identity papers of persons detained at Marianka were all of doubtful nature, the Gestapo completely evacuated the camp on October 11.

It^{is} observed by Grassli that the above statement is certainly incorrect as concerns considerable number of bonafide American citizens among these persons. Internees at Marianka must be transferred to Auschwitz, according to information available to him, and it is felt by the Swiss representative that in order to save them expeditious action would be necessary.

Persons holding American or Latin American documentation were also at camps under control by the Germans. The Slovaks attempted without appreciable success to have them transferred to Marianka prior to the dissolution of that camp.

In order to avoid impression by Slovak Government that its sovereignty is not respected by Switzerland, Grassli feels that it would be possible to request the Germans to deliver to the Slovak Government the Jews concerned. Possibly it might be of help to observe that American Jews interned in camps in Slovakia under German control are given less favorable treatment than American Jews in similar German camps. As an example, because of this there is no Intercross delegate in Slovakia, although he was expected long ago and he is anxiously awaited by Slovak Red Cross for the purpose of visiting camps where Jews are held.

This problem was discussed by Grassli with Mr. Acna, Chief of Political Division of the Slovak Foreign Office and his collaborators, in order to avoid the impressions that representations were being made without Slovak Government's knowledge. Since Acna feels it important that Slovakia be able to entrust the control of Jews of United States nationality to its own officials and thereby prevent retaliatory steps against numerous Slovaks living in the United States, the procedure suggested by Grassli is approved by Mr. Acna. This is the end of the summary report.

Instructions concerning nature of such approach to Germans as Department may consider possible are requested in view of the area involved and steps which the Holy See has taken.

HARRISON

DOR:IDB:MLM 10-31-44

Bern

Dated October 28, 1944

Rec'd 6:58 p.m.

Secretary of State,

Washington.

7165, October 28, 2 p.m.

FOR WRB FROM MCCLELLAND

American Friend Service Committee Philadelphia
from Marjorie McClelland.

Your 89. Danish Charge d'Affaires in Bern reports Germans refused authorization any further export relief goods by Danish Red Cross directly to France. Possibility forwarding such supplies including Toulouses car-load bacon via Switzerland consigned to Intercross being studied. If and when this question settled will take up mode of payment. Danish Charge d'Affaires inclined believe Danish Red Cross would like Swiss francs. Will keep you informed.

HARRISON

RR

Miss Chauncey (for the Sec'y) Abrahamson, Aksin, Cohn, Drury, DuBois, Friedman, Gaston, Hodel, Lesser, Marks, Mannon, McCormack, Pehle, Files.

Bern

Dated October 28, 1944

Rec'd 10:50 p.m.

Secretary of State,

Washington.

7170, October 28, 3 p.m.

FOR WRB FROM MCCLELLAND

FOR UNION ORTHODOX RABBIS FROM STERNWICH

Backed by Italian Minister at Bern, Angelo Donati has approached Papal Nuncio and other Ministers of neutral countries in interest of promoting a collective intercession with German Government in behalf of deportees. We have serious reasons to believe that Vatican and neutral states following agreement among themselves will ask Germany: One, to liberate or allow to be interned in neutral countries deported elderly men and women and children; Two, apply to other deportees treatment similar to that accorded prisoners of war. Please communicate this news to your Government asking that steps be taken by its representatives at Vatican and with neutral governments to encourage and support this initiative.

Polish Minister at Bern has already requested support his Government in London.

Please make text this cable known to all other

Jewish organisations.

WMB

HARRISON

Miss Chauncey (for the Sec'y) Abrahamson, Aksin, Cohn, Drury, DeBeds, Friedson, Gaston, Hodel, Lesser, Marks, Manson, McCormack, Pehle, Files.

RM
Distribution of true
reading only by special
arrangement. (SECRET W) October 28, 1944
1 p.m.

AMEMBASSY

ANKARA

956

The following for Katski is WRB 122.
Reference your No. 1988 of October 16 (Ankara's 166 to
War Refugees Board). Interested groups here have requested
Board to obtain reasons for need to evacuate Transnistrian
repatriates from Rumania. Please report to Board any
information you are able to obtain concerning this matter.

STETTINIUS
(ACTING)
FIN

WRB:MDV:KD
12/28/44

ME

SE

C
O
P
Y

MF-987

PLAIN
Ankara
Dated October 28, 1944
Rec'd 11:31 p.m.

Secretary of State

Washington

2069, Twenty-eight

Embassy 2041, Twenty-fifth Palestine.

YENISABAH editorial, twenty-seventh: Desire to give Jews independent homeland has lately grown stronger. Problem of Jewish state has since 1918 exercised considerable bearing on Arab-Jewish and Arab-British relations. In present life and death struggle British Government wishes sell all Arab lands attached more strongly than before to Great Britain's family of nations but Arab leaders and sovereigns don't seem inclined make slightest sacrifice on Palestinian question which in their eyes is exceedingly vital and delicate matter. Since Jews don't constitute majority in Palestine majority which can be created only artificially by immigration, certain Arab leaders have suggested idea of giving Jews land in America where there are vast uninhabited spaces.

Palestinian and Jewish problems have again been raised in connection with American Presidential election. President Roosevelt has declared himself as favoring idea of founding Jewish homeland in Palestine. Powerful Jewish groups in America and England are exerting great efforts in this direction and certain newspapers are strongly defending Jewish cause. However, when House of Representatives recently invited American Government to take frank and definite stand in this matter, statement was issued to effect that would be inadvisable discuss question at present time for military reasons. Thus it appears that American Government, no matter what its leanings and sentiments in this regard may be, was hesitating to accept as its program viewpoint of one side only in this most difficult problem. In this connection, it should be remembered that Americans too are becoming increasingly interested in all Arab lands, especially in oil matters and construction of pipelines, and consider it advisable act cautiously in order not offend Arab and Moslem elements.

Repeated by mail to Jerusalem and Beirut.

STEINHARDT

MJF

C
O
P
Y

FBM-971

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

Ankara

Dated October 28, 1944

Rec'd 10:45 p.m.

Secretary of State,

Washington.

2070, October 28, noon.

FROM KATZKI TO PEHLE WAR REFUGEE BOARD.

ANKARA'S NO. 171.

The Jewish Agency has revised the information previously supplied us (See my 2,043, October 25) as follows:

1. The children's group from Rumania comprises 110 children instead of 156 previously reported to us.

2. The few Transnistrian children originally included in the group were removed at the Rumanian - Bulgarian border. We are informed that the emigration of Transnistrian children from Rumania is not permitted as the Russian authorities, claiming that such children are Russian nationals, desire to repatriate them to Russian territory.

The children together with some 40 adults from Russia departed from Istanbul October 27, proceeding to Palestine.

The foregoing is for your information.

STEINHARDT

EEC

NCB-970

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

Ankara

Dated October 28, 1944.

Rec'd 10:45 p.m.

Secretary of State,

Washington.

2075, October 28, 5 p.m.

FOR THE DEPARTMENT AND WRB FROM THE AMBASSADOR.

Ankara No. 172.

I heartily approve of the appointment of Herbert Katski as Special Representative of the War Refugee Board in Turkey with the designation by the Department as Special Attache to the Embassy on War Refugee matters. I do not regard it as necessary to approach the Turkish Government with respect to his proposed designation as I am reasonably satisfied that there will be no objection. I have informed Katski of the substance of the Department's telegram under reference.

STEINHARDT

RB

SECRETCopy No 11NOT TO BE RE-TRANSMITTEDOPTEL No 350

Information received up to 10 A.M. 28th October 1944.

1. NAVAL

On 23rd, 24th Coastal forces damaged enemy convoy GULF OF GENOA. On 24th. two abandoned explosive boats sunk off NICE and a U.S. destroyer shelled positions in this area. German Hospital ships FRIEBURG and TUEBINGEN intercepted and brought into BRINDISI and ALEXANDRIA for inspection. A British Cruiser and two destroyers bombarded MILO on 25th and 26th. Strong enemy reaction and only one gun in the coast defence battery LAPIKA so far silenced. A British submarine claims to have sunk an enemy submarine off SABANG on 24th.

2. MILITARY

Western Europe Good progress all along the front from HERTOG-ENBOSCH to the SCHELDT estuary. U.K. armour has swept north of TILBURG, capturing UDENHOUT and LOON-OP-ZAND and cutting North/South road to the MAAS from TILBURG. TILBURG, itself entered and mobile patrols operating as far as half way along TILBURG BREDA road. Canadians, following up Germans, have entered BERGEN-OP-ZOOM and are now one mile from ROOSENDAAL. BEVELAND bridgehead strengthened.

Italy Very bad weather hampering operations: rivers flooded bridges washed away and roads impassable in places. Small advances made and ROCCA SAN CASCIANO entered.

Russia In SLOVENIA, Russians have captured UNGUAR, they have advanced further into HUNGARY west of SATUL MARE and repulsed German infantry and tank attacks near NYIREGHAZA. They have also captured NOVI SAD on the DANUBE.

3. AIR OPERATIONS

Western Front 27th. Operations severely restricted by bad weather. 27th/28th. bomber Command sent out 81 aircraft including 60 to BERLIN. All returned safely. BERLIN hidden by thick cloud.

Mediterranean 26th. Operations severely restricted by bad weather.

OFFICE
SECRETARY OF TREASURY

1944 OCT 28 AM 10 32

TREASURY DEPARTMENT

STRICTLY CONFIDENTIAL

October 29, 1944

303

CONFIDENTIAL MEMORANDUM

I called up Ed Stettinius at a quarter of eight Sunday night and told him that Cherwell, to my surprise, had told me that Stettinius had raised the question of the Argentinian meat with him and that I thought that that was something that Stettinius wanted me to raise at the proper time. So Stettinius said, well, that Cherwell had paid a courtesy call on him and during the course of the conversation -- I think I'm reporting right -- Stettinius said he blew off on the Argentinian meat thing and that he was simply talking but not officially. And I said I didn't think you could ever talk unofficially to those fellows. So I know that Cherwell did not pay just a courtesy call because he told me so himself. So I said I felt that with Cherwell returning Wednesday I'd like to see Stettinius to be posted on it and then raise it with Cherwell and Stettinius be present, before Cherwell returns. Stettinius didn't seem to like that. He said that he'd ask a man by the name of Llewellyn, I think, to come over here especially to talk about this. So I said that Cherwell and I were on such a frank basis that I didn't want him to return to England and while he was gone then raise this matter of the Argentinian meat before we settled on lend-lease. I thought we should raise it and furthermore that Cherwell had a lot of influence with Churchill and that Cherwell said that he thought that the English had been very stupid in this matter so that interested Stettinius. Then he said that -- so I said, "Well, think it over." And he said that he'd have to bring himself up to date and that he would call me Monday morning. Then I got on to Harry White and

said I'd talk to Harry and Harry was very emphatic and said he had nothing against Stettinius and didn't know what Stettinius was talking about. So Stettinius said, "Had Harry said that he trusted Stettinius?" And I said, "Yes." So he said that during the Lend-Lease days that Harry was very critical and made some very "snotty" remarks about Stettinius. So I said that I didn't know anything about that, but Harry said certainly during the last twelve months he had never criticized Stettinius and that he would like to see him not only in regard to himself but also in regard to Glasser. So Stettinius said that people had told him that White went around making nasty remarks. So I said there are too many people trying to make trouble between State and Treasury, and that we just had to stop it.

October 20, 1944

STRICTLY CONFIDENTIAL

October 29, 1944

CONFIDENTIAL MEMORANDUM

Sunday night at eight o'clock I talked to B. M. Baruch and he said he had had a three-hour talk with Lord Cherwell that was very satisfactory and that he caught him on the right track and explained things to him the right way. Just what he meant by that, I don't know, but he said Cherwell would tell me all about it and he thinks we ought to keep it between Cherwell and Baruch and myself and the President. He said some of the opposition is coming from Leo Crowley who is not in favor of making this "loan", as he put it, to the British. I asked him if he'd seen Stimson and he said that he hadn't and he would. And I asked him whether he couldn't do something with Dorothy Thompson, so he said, "Oh, let her talk herself out." But he said he was going to work with me and now he is beginning to think that the whole idea was his, and while I told him confidentially the other night it was my idea to deliver that plan for Germany at Quebec, he's got it in his head now that it is his baby and he's going to -- his part, and he's going to carry it, which I think is all right. He seems to take the matter very seriously. I hope that my bringing him into it will work out all right.

Text of President Roosevelt's Chicago Speech

The following is the text of President Roosevelt's address last night in Chicago as recorded and transcribed by THE NEW YORK TIMES:

Mr. Mayor, Senator Lucas and I think I am not too previous in saying Governor Courtney, my friends of Illinois and Indiana and Wisconsin:

The American people are now engaged in the greatest war of all history—and we are also engaged in a political campaign.

We are fighting this war and we are holding this election—both for the same essential reason: because we have faith in democracy.

And there is no force and there is no combination of forces powerful enough to shake that faith.

As you know, I have had some experience in war—and I have also had a certain amount of previous experience in political campaigning.

But—I must confess to you that this is the strangest campaign I have ever seen.

I have listened to various Republican orators who are urging the people to throw the present Administration out and put them in. And what do they say?

Well, they say, in effect, just this:

They say "those incompetent blunderers and bunglers in Washington have passed a lot of excellent laws about social security and labor and farm relief and soil conservation—and many others—and we promise that if elected we will not change any of them."

And they go on to say: "Those same quarrelsome, tired old men, they have built the greatest military machine the world has ever known, which is fighting its way to victory," and they say, "if you elect us we promise not to change any of that, either."

"Therefore," say these Republican orators, "it is time for a change."

They also say in effect: "Those inefficient and worn-out crackpots have really begun to lay the foundations of a lasting world peace; if you elect us, we will not change any of that either."

Offers New Scope for "Me Too"

"But," they whisper, "we'll do it in such a way that we won't lose the support of even Gerald Nye or Gerald Smith—and this is very important—we won't lose the support of any isolationist campaign contributor. Why, we will be able to satisfy even The Chicago Tribune."

Tonight, tonight I want to talk simply to you about the future of America—about this land of ours, this land of unlimited opportunity. I shall give the Republican campaign orators some more opportunities to say—"Me too."

Today everything we do is devoted to the most important job before us—winning the war and bringing our men and women home as quickly as possible.

We have astonished the whole world and confounded our enemies with our stupendous war production, with the overwhelming courage and skill of our fighting men—with the bridge of ships carrying our munitions and men through the seven seas—with our gigantic fleet which has pounded the enemy all over the Pacific and has just driven through for another touchdown.

Yes, the American people are prepared to meet the problems of peace in the same bold way that they have met the problems of war.

For the American people are resolved that when our men and women return home from this war they shall come back to the best possible place on the face of the earth, they shall come back to a place where all persons, regardless of race and color or creed or place of birth, where they can live in peace and honor and human dignity—free to speak, free to pray as they wish—free from want and free from fear.

Economic Bill of Rights

Last January, in my message to the Congress on the state of the Union, I outlined an economic bill of rights on which a "new basis of security and prosperity can be established for all." And I repeat it now:

The right of a useful and remunerative job in industries, in shops, on the farms, or the mines of the nation;

The right to earn enough to provide adequate food and clothing and recreation;

The right of every farmer to raise and sell his products for a return which will give him and his family a decent living;

The right of every business man, large and small, to trade in an atmosphere of freedom from unfair competition, from domination by monopolies at home or abroad;

The right of every family to a decent home;

The right to adequate medical care and the opportunity to achieve and enjoy good health;

The right to adequate protection from the economic fears of old age, of accident, of unemployment;

And last of all the right to a good education.

Now, what will those rights mean? They spell security. And after this war is won we must be prepared to move forward, in the implementation of these rights, to new goals of human happiness and well being.

Some people, I need not name them, some people have entered at these ideals as well as at the ideals of the Atlantic Charter, the ideals of the Four Freedoms.

They have said that they were dreams of starry-eyed New Dealers—that it is silly to talk of them because we cannot attain these ideals tomorrow or the next day.

Hails Faith of the People

But I think the American people have greater faith than that. I know that they agree with these objectives—that they demand them—that they are determined to get them—and that they are going to get them.

The American people have a good habit, the habit of going right ahead and accomplishing the impossible.

We know that and other people know it. For example, today there are those that know it best of all—the Nazis and the Japs.

Now this economic bill of rights is the recognition of the simple fact that, in America, the future of the worker, the future of the farmer lies in the well-being of private enterprise; that the future of private enterprises lies in the well-being of the worker and the farmer. It goes both ways.

And the well-being of the nation as a whole is synonymous with the well-being of each and every one of its citizens.

Now I have the possibly old fashioned theory that when you have problems to solve, when you have objectives to achieve, you cannot get very far by just talking about them.

We've got to go out, we've got to go out and do something.

To assure the full realization of the right to a useful and remunerative employment, an adequate program must, and if I have anything to do about it, will, provide America with close to sixty million productive jobs.

I foresee an expansion of our peace-time productive capacity that will require new facilities, new plants, new equipment—capable of hiring millions of men.

Would Aid Private Enterprise

I propose that the Government do its part in helping private enterprise to finance expansion of our private industrial plants through normal investment channels.

For example, business, large and small, must be encouraged by the Government to expand its plants, to replace their obsolete and worn-out equipment with new equipment and, just as an aside but pretty important, the rate of depreciation on these new plants and facilities for tax purposes should be accelerated.

That means more jobs, jobs for the worker, increased profits for the business man and a lower cost to the consumer.

In 1933, when my administration took office, vast numbers of our industrial workers were unemployed, our plants and our businesses were idle, our monetary and banking system was in ruin, as we know, our economic resources were running to waste.

But by 1940—before Pearl Harbor—we had increased our employment by 16,600,000 workers. We had converted a corporate loss of \$5,500,000,000 in 1932 to a corporate profit (after taxes) of nearly \$5,000,000,000 in the black in 1940.

Obviously, to increase jobs after this war we shall have demand. We'll have to take care of an increased demand, for our industrial and agricultural production not only here at home but abroad also.

And I am sure that every man and woman in this vast gathering here tonight will agree with me in my conviction that never again must we in the United States attempt to isolate ourselves from the rest of humanity.

Yes, I am convinced that, with Congressional approval, the foreign trade of the United States can be trebled after the war—providing millions of more jobs.

Intent on Lasting Peace

Such cooperative measures provide the soundest economic foundation for a lasting peace, and that's what we want. And, after this war, we do not intend to settle for anything less than a lasting peace.

When we think of the America of tomorrow, we think of many things.

One of them is the American home—in our cities, in our villages, on our farms. Millions of our people have never had homes worthy of American standards—well built homes with electricity and plumbing, air and sunlight.

The demand for homes and our capacity to build them call for a program of well over a million homes a year for at least ten years.

Private industry, private industry can build and finance the vast majority of these homes. Government can and will assist and encourage private industry to do this, as it has for many years.

For those very low income groups that cannot possibly afford decent homes at this time, the Federal Government should and will continue to assist local housing authorities in meeting that need.

In the future America we are talking about, we think of new highways, new parkways. We think of thousands of new airports to service the new commercial and private air travel which is bound to come after the war.

We think of new planes, large and small, new cheap automobiles with low maintenance and operating cost.

We think of a new merchant marine for our extended world trade.

My friends, think of these vast opportunities, these vast possibilities for industrial expansion—and you will foresee opportunities for more millions of jobs.

Proposes New Rights for All

And with all that our economic bill of rights, like the sacred Bill of Rights of our Constitution itself, must be applied to all our citizens, irrespective of race, or creed or color.

Three years ago, back in 1941, I appointed a Fair Employment Practice Committee to prevent discrimination in war industry and Government employment. The work of that committee and the results obtained more than justify its creation.

I believe that the Congress of the United States should by law make the committee permanent.

Yes, America must remain the land of high wages and efficient production. Every full-time job in America must provide enough for a decent living. And that goes for jobs in mines, offices, or factories, stores, canneries—everywhere where men and women are employed.

During the war we have been compelled to limit wage and salary increases for one great objective—to prevent runaway inflation. You all know how successfully we've held the line by the way your cost of living has been kept down for the necessities of life. Sometimes, as even I know, that doesn't apply to the luxuries of life.

However, at the end of the war there will be more goods available and it's only common sense to see to it that the working man is paid enough and that the farmer earn enough to buy these goods and keep our factories running.

And it's a simple fact, likewise, that a greatly increased production of food and fiber on the farms can be consumed by the people who work in industry only if those people who work in industry have enough money to buy food and clothing.

Links Wages and Prices

For, if industrial wages go down, I can assure you that farm prices will go down too.

After the war we shall, of course, remove the control of wages and leave their determination to free collective bargaining between trade unions and employers.

And we in the cities in this war must remember that the American farmer has been called upon to do far and away the biggest production job, food production job, in all its history.

The American farmer has met that challenge triumphantly.

Despite all manner of wartime difficulties—shortage of farm labor, new farm machinery—the American farmer has achieved a total of food production which is one of the great wonders of the world.

The American farmer is a great producer and he must have the means also to be a great consumer. For more farm income means more jobs everywhere in the nation.

Let us look back, let us look back for a moment to 1932, a year of unhappy memory. All of us remember the spreading tide of farm foreclosures; we remember four-cent hogs, and twenty cent wheat, and five cent cotton.

I'm going to give you very simply some figures of recovery—quite a while ago, and I am sure you will pardon me if I quote them correctly.

For, as I remarked in Fort Wayne this afternoon, it was my habit to quote figures correctly even when I was Governor of the State of New York many years ago!

In those days, 1932, the American farmer's net income was only two and a quarter billion dollars.

In 1940—a year before we were attacked—farm income in the United States was more than doubled—it was up to five and a half billion dollars.

Figure on 1944 Farm Income
And this year—in 1944—it will be approximately thirteen and one-half billion dollars.

I take it that the American farmer does not want to go back to a Government owned by the moguls of 1929—and let us bear it constant yin mind that those same moguls still control the destinies of the Republican party.

Yes, we must continue this administration's policy of conserving the enormous gifts with which an abundant Providence has blessed our country, our soil, our forests and our water.

For example, the work of the Tennessee Valley Authority that we've read about is closely related to our national farm policy, our farm program, and we look forward toward similar developments that I recommended in other places—the valley of the Missouri, the valley of the Arkansas and the Columbia River Basin out on the far coast.

And, incidentally, and as an aside, I cannot resist the temptation to point to the gigantic contribution to our war effort made by the power generated at TVA and Bonneville and Grand Coulee.

But do you remember when the building of these great public works was ridiculed as New Deal "boondoggling"? And we are planning, almost ready to put into effect, developments at Grand Coulee which will provide irrigation for many thousands, tens of thousands, of acres—providing fertile land for settlement—settlement I hope—by many of our returning soldiers and sailors.

More "boondoggling!"

And this Administration has put into the law of the land the farmer's long dream of parity prices.

We propose, too, that the government will cooperate when weather will not—by a genuine crop insurance program.

This Administration has adopted—and will continue—the policy of giving to as many farmers as possible the chance of owning their own farms.

And that means something to those veterans who left their farms to fight for their country.

And after this war is ended then will come the time when the returning service men can grow their own apples on their own farms instead of having to sell apples on the street corners.

Expression of Beliefs

I believe in free enterprise—and always have.

I believe in the profit system—and always have.

I believe that private enterprise can give full employment to our people.

If anyone feels that my faith in our ability to provide sixty million peace-time jobs is fantastic, let him remember that some people said the same thing about my demand in 1940 for fifty thousand airplanes.

I believe in exceptional rewards for innovation, skill and risk-taking by business.

We shall lift production and price control as soon as they are no longer needed, encouraging private business to produce more of the things to which we're accustomed and also thousands of new things, in ever-increasing volume, under conditions of free and open competition.

This administration has been mindful from its earliest days, and will continue to be mindful, of the problems of small business as well as large.

Why, small business played a magnificent part in producing thousands of items needed for our armed force. When the war broke out it was mobilized into new production. Money was loaned for machinery. Over one million contracts and subcontracts have been distributed among sixty thousand of the smaller plants of our nation.

We shall make sure small business is given every facility to buy government-owned plants, equipment, inventories. The special credit and capital requirements of small business are going to be met.

And small business will continue to be protected from selfish, selfish cold-blooded monopolies and cartels. Beware, beware of that profound enemy of the free enterprise system who pays lip service to free competition but also labels every anti-trust prosecution as a "persecution." You know it depends a good deal on whose baby has the measles.

Must Keep "Winning Team"

This war has demonstrated that when the American business men and the American worker and the American farmer work together they form an unbeatable team.

We know that, you and I—our Allies know that—and so do our enemies.

That winning team must keep together after the war and it will win many more historic victories of peace, peace for our country, a victory for the cause of security, for decent standards of living here and throughout the world.

We owe it to our fighting men, we owe it to their families, we owe it to all of our people who have given so much in this war—we owe it to our children to keep that winning team together.

And, as I remarked, the future of America, like its past, must be made by deeds not words.

America has always been a land of action—a land of adventurous pioneering—a land of growing and building.

And America must always be such a land.

The creed, the creed of our democracy is that liberty is acquired, liberty is kept by men and women who are strong and self-reliant and possess such wisdom as God gives to mankind—men and women who are just, men and women who are understanding and generous to others—men and women who are capable of disciplining themselves.

For they are the rulers and they must rule themselves.

I believe in our democratic faith. I believe in the future of our country which has given eternal strength and vitality to that faith.

Here in Chicago you know a lot about that vitality.

And as I say good night to you, I say it in a spirit of faith—a spirit of hope, a spirit of confidence.

We are not going to turn the clock back.

We are going forward, my friends, forward with the fighting millions of our fellow countrymen. We are going forward. And that tonight is my message to you—let us go forward together.

Rome

Dated October 29, 1944

Rec'd 12:04 p.m., 30th.

Secretary of State,

Washington.

619, October 29, 9 a.m.

FROM ARTHUR GREENLEIGH FOR MOSES LEAVITT,
AMERICAN JOINT DISTRIBUTION COMMITTEE NEW YORK:

Military clearance entry here approved for
Resnik and Jacobs. Completion my clearance expected
next few days. Please cable when Schwartz expected France
and where. Also when Jacobs departing. Perlman now
headquartered with me. Please advise his family.

Regards.

KIRK

BB

Miss Chauncey (for the Sec'y) Abrahamson, Akain, Cohn, Drury, DuBois,
Friedman, Gaston, Hodel, Lesser, Marks, Mannon, McCormack, Pehle, Files.

KEM-92

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

Bern

Dated October 29, 1944

Rec'd 5:25 p.m.

Secretary of State,
Washington.

7193, October 29, noon.

WRB FROM MCCLELLAND FOR NUHUM GOLDMANN AND LEON
KIBOWITZKI WORLD JEWISH CONGRESS FROM RIEGNER

With reference information concerning tragic situation Jews Budapest contained McClelland's cable October 25 to WRB, I can inform you confidentially that Intercross protested energetically to Hungarian Government against new deportations, on basis promise received July 18 from Hungarian authorities concerning cessation deportations and threatened to publish breach of official promise if action carried out. 25.00.

HARRISON

KEC

EXCERPT OF
PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Delegation, Vatican City
TO: Secretary of State, Washington
DATED: October 29, 1944
NUMBER: 359

SECRET

Following is for the Secretary and the President.

This morning at an audience I reviewed with the Pope the general war situation with particular reference to Germany. Like similar audiences in the recent past, I have been conscious of a growing and developed realization on the part of the Pope of the cruel and inhuman practices which are now reaching a climax in various areas toward which the Pope feels that he has exerted continuing attempts to allay but which he feels are completely disregarded at this moment. This applies to both recent cables you have directly or indirectly sent to me at the instance of the War Refugee Board (you 55 and 56 of October 25 and 26 respectively). However, the Pope will continue his efforts in which he displays a very real desire to help.

As is our weekly custom, we discussed at some length the question of relief supplies and activities and relationship between supply of clothing and food to the political future of the state. It has always been indicated in my previous cables that the first step towards stability here was to supply clothing and food. In any event the failure to supply them will hasten, if not create of itself consequences of political importance.

The Pope takes obvious satisfaction in the National Committee for distribution of relief, our first attempts at cooperative distribution with regard to atabrin (see note) having been most successful and with the receipt of the first shipments of donated relief from American Relief from American to put it to a second and more general test. We are forwarding today, on the basis of these experiences, a summary that we are making of the facilities of the three combined agencies for distribution that we hope of supporting our judgment that the activities of UNRRA should be administered through the same channels which allow of adequate supervision by its limited staff of UNRRA representatives along with those of our other supervisory and contributing groups.

Note: An acute malarial condition which last week was discovered to prevail to the extent of ninety percent of the population in the Cassino area. They had not distributed an adequate supply of atabrin and the death toll was great. We discovered and obtained one million and a quarter atabrin tablets and the situation is being dealt with by a medical group of

- 2 -

national committee representative of the Government, the Vatican and the Italian Red Cross who are already in the area.

TAYLOR

NOT TO BE RE-TRANSMITTEDCOPY NO. 11**SECRET**CPTTEL No. 351

Information received up to 10 a.m., 29th October, 1944.

1. NAVAL

On 21st/22nd one of H.M. Submarines attacked convoy of 3 ships between 3,000 and 6,000 tons off S.W. NORWAY. One ship sunk, another set on fire.

On 26th troops were landed on Piskopi Island, Dodecanese from one of H.M. Cruisers.

2. MILITARY

WESTERN EUROPE. On 2nd Army front a German attack by infantry and tanks gained 3 miles, but has now been held 2 miles northwest of Meijel. Heavy fighting just south of Loon-Op-Zand where little progress made. Tilburg has been occupied, very good progress by 1st Canadian Army. Eastern outskirts Breda reached and Rijsbergen captured. Further west Wouw taken and our positions at Bergen-Op-Zoom improved in spite of enemy counter attacks. Canadian infantry have crossed the Canal at the west end of the Zuid Beveland Isthmus and advanced 4,000 yards to within 3 miles of the bridgehead established across West Scheldt opposite Terneuzen. This bridgehead has been extended westwards by one mile. South of Scheldt German resistance has stiffened and only very slight progress made.

RUSSIA. Further Russian progress reported in Czechoslovakia north and south of Uzhored and in Hungary west of Staul Mare and northwest of Belgrade where Apatin and Ruma have been taken.

3. AIR OPERATIONS

WESTERN EUROPE. 28th. Bomber Command. Gun positions Walcheren Island - 277 aircraft despatched, 1125 tons dropped. Visibility mainly good, marking and bombing accurate. Cologne - 734 aircraft despatched, 2,948 tons dropped, including 592 incendiary. Visibility excellent, marking accurate and bombing concentrated. Knapsack power station identified and heavily bombed. Reconnaissance about 4 hours later reported fierce fires in compact area and others scattered throughout town. 362 U.S. heavy bombers bombed railway centres Hamm - 406 tons, and Munster - 444 tons. Results unobserved. Eight R.A.F. and 4 U.S. heavy bombers and 8 fighters missing (5 fighter crews believed landed Belgium).

193 aircraft successfully attacked railway bridges (those at Venlo and Roermond severely damaged) and other objectives Holland and Germany. 1,939 fighters attacked targets in battle area destroying and damaging 69 locomotives and 475 railway carriages, cutting track in 109 places and blocking two tunnels. German casualties 13, 2, 1, Ours - 10 fighters missing.

28th/29th, Aircraft despatched:

Bergen U-boat base	225
Cologne	30 Mosquitoes
Seamining	15
Bomber Support, etc.	82
7 Lancasters, 1 Mosquito missing.	

4. HOME SECURITY

12 flying bombs plotted during the night.