

DIARY

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November 17-18, 1944

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Book 796

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White, Harry D.
See Appointments and Resignations

November 17, 1944
9:30 a.m.

DISPOSAL OF SURPLUS PROPERTY

Present: Mr. C.S Bell
Mr. Gaston
Mr. Olrich
Mr. D.W. Bell
Mr. O'Connell
Mrs. Klotz

H.M.JR: Now, you are leaving a week from when?

MR. OLRICH: From Monday.

H.M.JR: You mean you will be here a week from Monday?

MR. OLRICH: Yes, sir, I will be here on that Monday.

H.M.JR: Well, that is very sad.

Now, the point is, I have asked Mr. Gaston to interest himself in this work, and this is this man's reference--

MR. OLRICH: That is Duncan. I got his references knowing how a man of that character should be checked up, and knowing Duncan, I had his references from the very beginning in every phase of his activities checked up. But that is Surplus Property Director, on a level and independent of Mack. He is a good man. He has been with me from the start.

MR. GASTON: What was his business?

MR. OLRICH: In Minneapolis he has a wholesale hardware jobbing business in the heavy hardware and millwright hardware, as we call it. In his earlier days he was in the manufacturing business in Duluth.

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He is Past President of the National Hardware Dealers' Association, and he has been in Government service as a patriotic gesture. He has a boy in the Navy. He was the Regional Director of the Small War Plants Corporation of Minneapolis. He was down here with the OCR. They wanted to make him Chief Deputy, but he preferred to come over with me on this particular work.

He handled and helped organize the hardware division here and watching his work and the way he worked, I promoted him to Deputy in Charge of Merchandising and Sales and he has worked out the merchandising and selling policies through the entire division.

H.M.JR: What happened to that man from the University that you liked?

MR. OLRICH: He is still there, and if Mr. Duncan is made the Chief, he will make Frey his Chief Deputy, and Frey has been here longer than any of us.

H.M.JR: What do you think of Frey?

MR. OLRICH: He is an excellent man.

H.M.JR: Would he be good enough to run it?

MR. OLRICH: No, he hasn't had enough actual merchandising experience to run it. He is the man that has done the liaison work between other Government agencies, and he established an enviable reputation with OPA.

Colonel Husted called me up this morning and said, "Your division has worked more closely with the War Department than any other division in Government, and has been instrumental in saving us millions of dollars."

We had one yesterday, Mr. Secretary, where we called their attention to declarations of machines and at the same time large purchases of parts, and as a result of that, we are adjusting the whole Procurement Division because I think they neglected to take into consideration the machines they are declaring to us.

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Husted said as a result of that the whole procurement on that phase of their work has been changed and savings affected.

H.M. JR: Tell me, how well do you know Duncan?

MR. BELL: I have talked with him on a number of occasions. I furnished Mr. Gaston yesterday with a little background of his experience.

MR. GASTON: I am sorry, Charlie; that is what I didn't get.

MR. BELL: It is hooked to your papers. Last night it was pinned to some other papers.

I think he is a very capable person.

MR. GASTON: We got a lot of references. All I have seen about him is a list of references, and then another paper which told me about--

MR. BELL: Whom he was associated with.

MR. GASTON: That is right. But it doesn't tell much about his business experiences. I know very little about the man.

MR. OLRICH: All I can say is he has been my Chief Deputy in organizing the sales and merchandising.

MR. BELL: You knew him before he came to Washington?

MR. OLRICH: Yes, that is why I asked him to take this job.

MR. BELL: What was he doing before he came here?

MR. OLRICH: He was with Office of Civilian Requirements.

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MR. BELL: Before he came with the Government?

MR. OLRICH: Only his own business, a substantially profitable hardware business, and he still owns it.

MR. BELL: He is the sole proprietor, Mr. Secretary. That is what I gathered from my talk with him. In his own business he is independently wealthy, isn't that true?

MR. OLRICH: That is right. He would rather be down here on a ten or fifteen dollar a day basis, but there is no basis for that, and that is why he should have a salary. But if this new appropriation goes through, he would rather take the per diem than anything else.

MR. BELL: You feel he knows enough about merchandising to handle the program - merchandising and sales?

MR. OLRICH: That is right. And I will agree to come down here four days to a week a month to back it up, and I will get Atcheson to come down with me on the reporting and checking end of it on the same basis.

H.M.JR: Well, certainly if he has had a local hardware business in Minnesota, that wouldn't give me confidence to think that the man had national experience.

MR. OLRICH: It is a national distributor located in Minneapolis, distributing all through the West.

MR. BELL: You might be interested to know that Danny thinks very highly of Duncan.

H.M.JR: Why isn't Dan here? He has been taking an interest in this. (Secretary sends for Mr. D.W. Bell)

MR. GASTON: On that sheet Charlie tells of various organizations he has been connected with, but it isn't a summary of his experience.

MR. OLRICH: There is a summary of experience over here--

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H.M.JR: Well, stop sparring. I want Mr. Gaston, over the weekend, by the time I get back Tuesday, to talk to the man and then make a report to me.

MR. GASTON: You think it is important to talk to this particular man?

H.M.JR: Do I think it is important?

MR. GASTON: Yes. I think the major question here is that Mr. Olrich recommends that this organization be continued under three or four separate heads over there. His idea was that those heads would report to me. Mr. Duncan would be the head of one, the surplus sales part of the organization. Now, I don't know whether that is a feasible scheme, and I doubt - that means a tremendous amount of time, and I doubt that that is a feasible scheme.

It seems to me that what we are up against is the problem of selecting somebody to head up the whole organization. Now, if Duncan is to be examined in that light, that is one thing; if he is to be examined in the light of going ahead with what Mr. Olrich suggested he do, it is quite another thing.

MR. OLRICH: I will give you, Mr. Secretary, my conversation with Mr. Bell, and my conversation with Duncan - with Mr. Charles Bell. It was that there should be an Assistant to the Secretary eventually appointed which will head up the whole thing; that until it got organized that some one in this division, an Assistant to the Secretary, should have these people report to him, and that we must find an Olrich somewhere. But the Surplus Property Director was never filled because I was organizing and doing the work myself, and therefore, whether you bring an Olrich in, or somebody to take Olrich's place, there should be a Surplus Property Director just as you have a Procurement Director. You will have to have a third Director of Metal Reserves. And there should be an Assistant to the Secretary appointed heading all of those up.

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Until you get that man, it should report to some one such as Mr. Gaston, temporarily. It is only a temporary stopgap. This is not something you can tack onto somebody else except while they are organizing.

Yesterday there was an article in the paper that Mr. Davidson, an ex-president of McCreary Stores - Davidson is a fine man - I am going to find out whether it is health, or what - to see if Davidson might replace me as your head, because you can't tack it onto Mr. Bell or Mr. Gaston, or Mr. Dan Bell, or whoever you bring in. It must be a man that will take the burden off of someone's shoulders and report to you or whoever you tell, in the same capacity as I have. Temporarily, while you are looking for this man, there should be a Chief of Surplus Property, and if the new man comes in, he will have to appoint a Chief of Surplus Property.

MR. BELL: That is the conclusion that Mr. Gaston, Mr. O'Connell, and I reached last night, approximately.

H.M.JR: Is O'Connell in on this?

MR. GASTON: I asked Joe in because he knows a good deal about it. I asked him in for my own advice.

(The Secretary sends for Mr. O'Connell)

MR. OLAICH: But having been in this position, I don't think that any busy man at the present time can take this on as an added chore except as temporarily, while you search and find another man to head it up.

MR. GASTON: I think that is perfectly feasible. Perhaps a week or ten days of it.

MR. OLAICH: Or a month of it. This organization has enough momentum--

H.M.JR: What do you mean, Herbert?

MR. GASTON: I mean to say that we could operate on the basis of my having three or four different men reporting to me, but only for a very limited time, from a week to a month, say; and then while we were looking for somebody to take Mr. Olrich's place--

H.M.JR: Whom would that person report to?

MR. GASTON: Just as you prefer. He could report to you, or report to me in your absence, or report to you through me. It is all right with me.

H.M.JR: That is what I had in mind.

MR. OLRICH: But that doesn't take away the appointing of the Surplus Property head. I have occupied two capacities, running Procurement and other operations, and acting as Surplus Property head, because I had to organize it. It is organized with the exception of one office and that is Denver.

H.M.JR: Well, your recommendation is Duncan for Surplus Property?

MR. OLRICH: Yes, sir.

(Mr. Dan Bell enters the conference)

H.M.JR: Do you know Duncan?

MR. D.W. BELL: I only met him the other day. I like him very much. I don't know anything about his ability, but I like his appearance and the way he handles himself very much.

(Mr. O'Connell enters the conference)

MR. OLRICH: Mr. Bell addressed the meeting of our Regional Directors and Regional Sales Managers upstairs, and he had an opportunity to see the organization we have built up, and the man.

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H.M.JR: Excuse me a minute. Bring Joe up to date. I will be back in a second.

(The Secretary leaves the conference temporarily.)

MR. O'CONNELL: The question left open is as to what you do about filling Mr. Olrich's place. The other moves are moves that I would not think are of such tremendous significance. As a matter of operations, they would probably fall pretty much into doing those things of necessity.

MR. OLRICH: You should fill Olrich's job in two directions - as Surplus Property Director, and then you should fill Olrich's job as Assistant to the Secretary supervising the different operations that come up to Procurement administrative services and Surplus Property, and the new stock pile.

MR. O'CONNELL: I think that is about right. As to the specific things about Duncan and Phillips, I just don't know. I don't know either of the men.

H.M.JR: What I would like to do is this. I would like Gaston to have a chance to work on this a little bit up to Tuesday morning, you see, when I will be back.

MR. GASTON: Not doing anything.

H.M.JR: I will be on the phone - I won't be away from the phone.

MR. GASTON: All right.

MR. OLRICH: Whether it is Mr. Duncan or someone else, the announcement of Mr. Duncan's appointment, Mr. Secretary, should come over your signature - for geography - the relationship with other Government Departments - because he is the man who will have it; the Assistant to the Secretary will not have the relationships that I have; he will have the relationships of a controlling general manager. That is good geography.

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H.M.JR: Well, I will be seeing you Tuesday. Will you be here then?

MR. OLRICH: I will, sir.

H.M.JR: Then I want to talk to these men a little bit more.

MR. OLRICH: I appreciate the letter, sir.

H.M.JR: Well, I meant it, and I changed the publicity that they sent over to me.

MR. OLRICH: I appreciate that. They got after me pretty hard on that OPA, and so I told them yes, that was the reason. They all had it in the background.

(Mr. Olrich leaves the conference)

H.M.JR: Before we take up this other thing, Herbert, inquire why we should send twenty-five thousand tons of bunker coal to supply British bunker depots in Italy and North Africa. Why don't the British do that?

MR. GASTON: Yes.

H.M.JR: Now, what I wanted to say is this - in the family here - I could tell the way Charlie was frowning he didn't like this fellow Duncan.

MR. C.S. BELL: I am not over-enthusiastic about his handling merchandising and the sales. His experience is a little thin for it. I would like to see another Olrich as Assistant to the Secretary brought into the picture. I think we are a little premature in trying to do that right now, for the reason that the Bureau of the Budget just a week ago finished a report to the President recommending one unit for all Surplus Property. I further understand that Fleming has had his eye on the whole of Procurement for the last two years, and that they are thinking in terms of Federal Works Agency for the entire job.

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H.M.JR: Yes, but in the meantime, are we going to let this thing go to pot?

MR. O'CONNELL: We can't.

MR. GASTON: I don't think we are going to lose it if what Mr. Olrich tells us about their popularity has good basis. I don't think there is much chance of our getting rid of it.

H.M.JR: I told the President at lunch I hoped he would take Surplus away from me, and he said that is the one thing Congress seems to want to have with the Treasury.

MR. C.S. BELL: Then the wind is blowing for the whole job to be put down here.

H.M.JR: Little items, as he put it!

Anyway, I am just reporting.

MR. GASTON: Well, there are littler items.

MR. C.S. BELL: I changed that memo. You didn't like it the other day. I took out that second paragraph and talked to Mr. Gaston some more. He kind of felt that by calling Procurement a typical unit, we might get the whole job in there. (Hands Secretary attached memorandum)

H.M.JR: Let me see (reading): "Under the Surplus Property Disposal Act there appears to be a definite need for establishing one agency to deal with the problem of disposing of all surplus property rather than using segments of already existing organizations to perform the merchandising tasks incident to surplus property disposal.

"The present legislation, as pointed out in my proposed veto message prepared for your use before this bill was enacted into law, presents a number of very difficult operating problems, not the least of which is the treatment of preferential purchasers established categorically in the language of the legislation."

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He doesn't know what that is, but if you want to say, "Lend-Lease, which is giving preferential treatment to States, municipalities," and so forth - you have to spell it out.

(The Secretary completes reading the attached memorandum)

No, this is no good for the President of the United States. I haven't got time to put my brain on it. I have some other things to do. Can't somebody write a memorandum for the President of the United States telling him why we don't want this thing? That is the third memorandum I have from you. Really, Charlie, I would think you could write a memorandum for the President telling him we don't want it. This is a subject he doesn't know anything about.

MR. C.S. BELL: It is trying to beat somebody else to making the same recommendation. This same recommendation is going to be made by Harold Smith, as nearly as I can determine.

H.M.JR: If you don't mind, you are trying to be too smart again; you are trying to write this thing in a way to get the whole thing.

MR. C.S. BELL: I don't want to get the whole thing.

H.M.JR: You said earlier it could be interpreted we could get the whole thing. Now, look, as I remember the memorandum we wrote on the veto message, it was pretty good, wasn't it?

MR. C.S. BELL: It was splended but very long.

H.M.JR: Can't you simply say, "My dear Mr. President: I don't want Surplus Property, and as I said in my recommendation for a veto message" - get some sentences from that that points it up. The purpose of this is, from my standpoint, to serve notice on the President I don't want it, and not try to tell him what to do with it.

MR. C.S. BELL: Do we want to get this for your signature today?

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H.M.JR: Definitely. This is the third try. I have a thousand things on my mind. I just want to tell the President of the United States I don't want Surplus Property; I am willing to keep the old Procurement if he insists.

MR. O'CONNELL: All right, I was going to try to be opposed to a memorandum.

H.M.JR: What were you trying to get at?

MR. C.S. BELL: You didn't ask for this at all, except that it was left out of the report that you took over to the White House.

MR. D.W. BELL: It was?

MR. C.S. BELL: It was, finally.

MR. D.W. BELL: It was in the report we had at the Secretary's office that night?

MR. S.C. BELL: Yes, but in the report that the Secretary took to the White House, it was omitted. This was to fill in that gap only. But I think I know better what you want, now, and I will get with Mr. Gaston and Mr. Gaston can frame the thing up. We don't want Surplus Property.

H.M.JR: I don't want Surplus Property.

MR. C.S. BELL: And a couple of good reasons.

H.M.JR: And say to him that if he thinks it is wise, we are willing to keep the old Procurement.

MR. D.W. BELL: But even that could go.

H.M.JR: But we don't care.

MR. GASTON: My objection to the thing as originally drawn is that it seemed to make out too good a record for us in handling Surplus Property; it seemed to indicate that we are getting along fine.

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MR. D.W. BELL: That is the thing that worries me; it isn't a good record and I would like to see the record straightened before it goes any place.

H.M.JR: I told Jimmy Byrnes that if I lost this fellow I wanted to get rid of it, and I think I should send a copy of this to Jimmy Byrnes.

MR. C.S. BELL: You wouldn't want to bring that point up in this memorandum?

H.M.JR: No, the President doesn't know about it. But I just want to go through with what I said.

MR. D.W. BELL: You told Clayton.

H.M.JR: What were you trying to get at, Charlie?

MR. C.S. BELL: Well, I know that Harold Smith is coming through with this type of recommendation, that one unit be set up in the Government to handle all surplus property.

H.M.JR: So what?

MR. C.S. BELL: And the other night you wanted in this report that you carried to the White House, a recommendation that Surplus Property be divorced from Treasury, and Procurement will remain in Treasury. That is what this memo purports to do. It was left out of the big report and this was rather a supplementary - and having in mind, too, that your large report probably won't be acted upon for a number of weeks or months. I knew that you wanted to make some disposition of Surplus Property before December 1, and I thought this was the best approach.

H.M.JR: Well, if you don't mind, I differ with you.

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

H.M. JR: Well, get me something today. It ought not to be hard to write something like that. Don't worry

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about what the Budget is going to do, or who gets there first, if that is what you are worrying about.

MR. C.S. BELL: That, plus this; that for the last six weeks you have indicated that you didn't want Surplus Property, but nothing was being done about getting rid of it.

H.M.JR: Now, I want to make good my bluff. I said if this fellow left I didn't want it. I want to do it and send a copy to Jimmy Byrnes.

MR. C.S. BELL: All right, sir.

H.M.JR: So much for that, which ought to go out today.

Now, about the other thing. I agree with Bell that it would be nice if we could clean it up, but I don't know whether we have time.

MR. GASTON: We will have time before it leaves us, because it isn't going to leave us. Excuse me--

H.M.JR: Now, Herbert, you take a look at this fellow Duncan, see? Frankly, I never liked this thing - when a man leaves, and then have him come back a week a month - that is no good.

MR. GASTON: You and me, both. I was about to timidly approach that subject. If Olrich has left the organization, he has left the organization, and we can't have him running it from Minneapolis.

H.M.JR: Now, to whom were you going to suggest it, timidly, me?

MR. GASTON: To you.

H.M.JR: Since when are you timid? Not on my anniversary, anyway.

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MR. GASTON: Oh, my God! Is this the 17th? Well, congratulations. (Shakes hands with the Secretary)

I congratulate you.

MRS. KLOTZ: Mr. Morgenthau, I might also say that Mr. Olrich has one of his own people in all of the key regional offices, or whatever you call it.

MR. C.S. BELL: No, that is not right.

MRS. KLOTZ: He has got his ~~won~~ ^{own} people.

MR. C.S. BELL: He has reshuffled many Procurement people.

H.M. JR: If he did I would only say, well, that is what I would expect.

MRS. KLOTZ: That is all the more reason why you shouldn't have Duncan.

H.M. JR: I don't know Duncan, but I would like Herbert Gaston to have a look at Frey.

MR. GASTON: I would like to talk to several people over there.

H.M. JR: Now, Frey is a professor, business college; he has no axes to grind. He impresses me as a very nice little able fellow. I don't think he is going to set the world on fire, but he can go back and teach any time he wants to, and he isn't going to go back to the Association of Hardware Dealers, or Association of Tire Manufacturers, or association of lobbyists, or what have you. He is a very decent little fellow, and I recommend that you take a look at him.

Do you know Frey?

MR. O'CONNELL: He is a nice fellow. He would be very helpful, I should think. I doubt he would be the fellow you want to do the job we are talking about.

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H.M.JR: For the Surplus section?

MR. O'CONNELL: I am not so sure he would be the kind of fellow to do it.

H.M.JR: Well, by the time you look around--

MR. D.W. BELL: He hasn't had the practical experience. He is a good fellow.

MR. O'CONNELL: I have seen a half dozen instances in which the lack of a merchandising man has made us make some embarrassing deals.

H.M.JR: In one breath you people say this is to be run by Civil Service--

MR. C.S. BELL: I didn't say he was to run it. He was to put in a system.

H.M.JR: Now, what I say, if, by the time you get through and you have to first give all the States, all the counties, all the cities, all the veterans, all the farmers - good God, it isn't a merchandising job, it is a job of cross word puzzle.

MR. D.W. BELL: Good judgment.

H.M.JR: And a fellow who can get along with the Hill - it doesn't need a man who is going to sit down and take ten thousand silver spurs and find a way to get rid of them, or fifty thousand pairs of sailor pants, or something like that, because by the time you have got all of these units - how many are there that have preference?

MR. GASTON: Veterans, farmers--

MR. C.S. BELL: Schools--

H.M.JR: You do not need what is generally meant by a merchandising man, a head of a retail department store; you don't need it. You need a fellow much more like this

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man from Wisconsin who is an expert on Federal-State relations.

MR. GASTON: Dykstra?

H.M.JR: No, the fellow we always bring down on Social Security. Well, you know who I mean. That is why I say, have a look at Frey.

MR. O'CONNELL: I would say so. The preferences in this bill are perfectly terrible. The extent to which the business of disposition of surplus property will be done on that basis depends in part upon what the Board which will be established very shortly will lay down in the way of general principles.

Legislation, which is very confused, will contemplate that at least a major part of this job will be done as a merchandising job for utilizing the normal channels of trade. Now, if you take your ten thousand spurs as an example, that is a merchandising job regardless of the preferences, because none of the preferential groups are going to want them.

H.M.JR: I still say you have to have somebody who can get along on the Hill, and just a man with some good horse sense. You don't need a man who once ran a department store. It has no more to do with running a department store than it has with selling Government bonds. It is an entirely different job. It is a straight political job. I don't mean political party. You have to be able to satisfy Mayor LaGuardia. You have to be able to satisfy Congressmen.

If we draw a mental picture of the kind of man we want - we want a paragon, who is the combination of--

MR. GASTON: As Joe says, after you get through with the veterans and the farmers, and so forth, you still have a lot of stuff to sell. The characteristic thing that Army does in wartime is overbuying of little things - just extravagant overbuying.

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H.M.JR: Now, look, Herbert, have a look-see, will you please?

MR. GASTON: You bet you.

H.M.JR: I won't be away from a telephone at all. And each of these people in the room knows a little something about this and have their own prejudices.

MR. D.W. BELL: I don't know Duncan at all. I saw him a few minutes. I said I liked his looks and how he handled himself before his group.

MR. O'CONNELL: I don't think that is an earth-shaking event. I mean, the decision as to whether or not you make Duncan the acting head of Disposal - the key position, though, is the fellow who is going to be representing the Secretary and having a full-time job riding herd on these fellows, whether it be Duncan or Frey.

H.M.JR: Or Mack.

MR. O'CONNELL: You have Frey and Mack and Duncan, or Frey and Mack plus Mr. "X". I would be less worried about putting Duncan in charge of Disposal than I would about the man who is going to be in the chair that Olrich has been sitting in. I think you have to have one.

H.M.JR: Herbert, you put the old bean on it. This gets down to human relations.

MR. GASTON: Yes, I will make some investigation.

H.M.JR: And I haven't forgotten the time I sent you out with Ted Gamble to pick all the State Chairmen for war bonds, and you did a damned good job, and that was a question of picking good people. I haven't forgotten that. So you go to it.

MR. C.S. BELL: One great difficulty about the whole thing as Joe says, we don't know where we are heading on this Surplus Property Board.

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H.M.JR: But somebody in the room made the remark we can't sit here while that is happening. We ought to go ahead and keep the thing from falling apart, which is contrary to what I said a couple of weeks ago.

MRS. KLOTZ: Everything I have heard now is contrary.

H.M.JR: That is why I am a good Secretary of the Treasury, because I can change.

MRS. KLOTZ: I was under the impression that if there wasn't an Olrich, everything would go to pot.

H.M.JR: Why do you think you women are the only ones? I can turn and change back again.

All right.

MR. D.W. BELL: Speaking of a man, how about Peter Grimm?

H.M.JR: Period!

MRS. KLOTZ: What about Henry Bruere?

H.M.JR: No. I tell you who a great friend of Peter Grimm's is - Dorothy Thompson.

MEMORANDUM FOR THE PRESIDENT

Under the Surplus Property Disposal Act there appears to be a definite need for establishing one agency to deal with the problem of disposing of all surplus property rather than using segments of already existing organizations to perform the merchandising tasks incident to surplus property disposal.

The present legislation, as pointed out in my proposed veto message prepared for your use before this bill was enacted into law, presents a number of very difficult operating problems, not the least of which is the treatment of preferential purchasers established categorically in the language of the legislation. The necessity for uniform handling of this problem is obvious. All preferential purchasers must receive the same treatment regardless of the commodity they desire to buy. Only through the medium of one central agency can this standardized treatment be assured.

The presence of a policy board will not serve to relieve Cabinet members of their respective operating responsibilities and may result in unnecessarily complicating the orderly disposal of surplus property by reason of the existence of two lines of authority running to the officials directly charged with the merchandising function, one to the parent agency head and the other to the Surplus Property Board.

For the foregoing reasons, and since the program is not related in any way to Treasury fiscal policy, it is recommended that the Treasury be relieved of responsibility for disposing of surplus property.

November 17, 1944
10:17 a.m.

HMJr: Hello.

Senator
Kilgore: Hello.

HMJr: Morgenthau speaking.

K: Kilgore talking.

HMJr: Senator, I just wanted to tell you I thought you got out a swell report.

K: Thank you, sir. Thank you.

HMJr: And

K: I thought you were badly misinterpreted on your statement.

HMJr: Well, that's, I think

K: And I think I was somewhat misinterpreted a little bit on mine but I think your plan and mine fairly well coincide.

HMJr: There's no question about it, and

K: And I think it's the real solution.

HMJr: Well, I do and I just want to let you know that -- I know I saw the President two days ago and he was very much pleased the way the newspapers received your report.

K: Yeah.

HMJr: He was delighted.

K: Yeah. Well, here's the situation.

HMJr: Yes.

K: We've been working on that stuff now for almost twelve months.

HMJr: Yeah.

K: And we could only reach one conclusion.

- 2 -

HMJr: Yeah.

K: And that was the conclusion in the report and we were very much pleased when you came out with your statement although -- the trouble was the newspapers twisted your statement all around.

HMJr: Well, of course, I've made no statement, you know.

K: Well, I know, but the plan -- the alleged plan

HMJr: That's it.

K: that you had, they twisted all around.

HMJr: Well, I've kept my mouth shut, you know.

K: Yeah, just as they twisted the report, now, and I've just kept my mouth shut too but

HMJr: Yeah.

K: But I felt the plans were identical.

HMJr: Tell me, what did Johnson of Colorado do?

K: I don't think -- he voted with us.

HMJr: Did he?

K: Yeah, he stayed with us.

HMJr: Because he was the man'

K: That's my information. I didn't take -- call him; I had one of the clerks do it, but my understanding was he went along.

HMJr: Are you sure?

K: I'll double-check it and have you -- and call you and tell you.

HMJr: Let's leave it this way: if you're wrong have someone call me.

K: All right, I'll do that.

HMJr: Because he was the first person to attack me, you know.

- 3 -

K: He was?

HMJr: Oh, yeah. So, I'll be curious to know.

K: Well, I'll have that double-checked and to make sure I'll check the signatures on the report.

HMJr: Well, I'm going out tonight on a three-day War Bond trip but when I get back I hope to see you.

K: All right, thank you.

HMJr: Right.

K: Yes, sir.

24
November 17, 1944
10:41 a.m.

HMJr: Hello.

General
Watson: Hello.

HMJr: The name is Morgenthau.

W: Yes, sir. E. M. W. speaking, returning your salutation.

HMJr: Number one: Is there going to be Cabinet?

W: Yes.

HMJr: Damn. Okay, that's number one. Number two: Has the Great Man decided whether -- where he'll be Sunday night on account of our broadcast?

W: No, I haven't heard him mention that.

HMJr: You haven't?

W: No.

HMJr: As near as I can make out, he's playing "cat and mouse" with all of us.

W: That's right. He isn't telling anybody where he's going. He says he's going and it is nobody's business. That's what he told me.

HMJr: This morning?

W: Yeah.

HMJr: Really?

W: He might go somewhere and he says it's nobody's business.

HMJr: (Laughs)

W: He indicated that he's going to have a little free time from now on with nobody hanging on him or making any suggestions.

HMJr: Who is she?

W: Looks like he's a free agent.

HMJr: I say, who is she?

W: I don't know.

HMJr: (Laughs)

W: I told him the Secretary of the Treasury is trying to pin him down to something and he said he didn't care any more about the Secretary of the Treasury any more than he did me. He almost kicked Sam Rosenman, Steve and myself out of there.

HMJr: Is that right? Well, I can appreciate that.

W: Yeah, I imagine a man ought to want to get rid of a crew like that.

HMJr: I would. (Laughs) All right. Well, I've got -- well, it's just the Sixth War Loan, that's all.

W: Yeah, I know.

HMJr: All right.

W: But I couldn't tell you to save my life if I had to be hung.

HMJr: Well, I don't want that to happen.

W: You don't want to hang me.

HMJr: I'll ask him in Cabinet.

W: He said he'd tell -- let him do the telling, that's what he said.

HMJr: Did he?

W: Yeah.

HMJr: I see.

W: He said he'd tell those he wants to tell and let him do the telling where he's going.

HMJr: All right. I don't care where he goes; I just want to know whether he's going to broadcast or whether he's going to make a record for us.

W: Yeah. Well, that's what -- he intimated -- I'll tell you

HMJr: Yes.

W: I have an idea where he's going but he said let him tell it.

HMJr: Yes.

W: I don't think he'll be so far away.

HMJr: (Laughs)

W: All right.

HMJr: How's the hot water down there?

W: I don't know.

HMJr: Is there plenty of hot water?

W: Where -- down where?

HMJr: Where he's going.

W: I don't know.

HMJr: The hell you don't.

W: No, I don't know a thing.

HMJr: Well, all right.

W: Not one God's thing in the world.

HMJr: Right.

W: All right.

HMJr: Thank you.

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TREASURY DEPARTMENT

Commissioner of Accounts

To MR. FITZGERALD

The Secretary is to appear for a newsreel opening the 6th War Loan in the office of the Secretary of the Senate, Col. Edwin Halsey, on Friday, Nov. 17, at 11:00 a.m.

The following will be present:

Vice President Wallace
Vice President-elect Truman
Senator Barkley
Senator George
Speaker Rayburn
Congressman Doughton

The Secretary should leave the Treasury about 10:45, in order to be at the entrance to the Senate side of the Capitol at 10:55, where he will be met at the archway by a guard and escorted to Col. Halsey's office.

11/17/44



Mr. Bartelt

EDWIN A. HALSEY
SECRETARY

11/17/44

28

United States Senate

members of the
Congress of U.S.

have just assured
me that they
will co-operate
~~to~~ ~~to~~ personally
^{to} in buying bonds
during 6th War
Loan. This is most

EDWIN A. HALSEY
SECRETARY

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United States Senate

encouraging to me,
~~Let us~~ I am
sure you
will do as well

News reel - 1-6-77

November 17, 1944
1:00 p.m.

HMJr: Well, you ought to feel very happy.

Robert E.
Hannegan: Well, yes, I do.

HMJr: You've got every reason to.

H: Yeah, I feel fine.

HMJr: Bob, the reason I'm calling you is that I had lunch with the President two days ago and amongst other things I spoke to him about John L. Sullivan leaving.

H: Yes.

HMJr: He's resigned. And for his place I have recommended Harry White.

H: Yes.

HMJr: And the President said that he thought Harry had earned it and he'd like to have it and wanted me to mention it to you....

H: Yeah.

HMJr: which I'm now doing and I hope that you'll go along.

H: Well, I -- is Sullivan going to leave definitely?

HMJr: Definitely. He gave me his resignation, effective December 1st.

H: Uh huh. Well, I'll tell -- of course, I don't know much about Harry White but it seems to me that -- that -- I -- I -- of course, I'd like to see you have somebody that means something politically.

HMJr: Yeah. Well, I'd like to see somebody that can help me do my work.

H: Well, you can always get -- you can get a fellow that can do that and give him some kind of a special title.

HMJr: No. This fellow has earned it. The President felt that way.

H: Yes.

HMJr: He's worked around here for eight or ten years and then there's a vacancy. If you're going to have any loyalty around here

H: Yeah.

HMJr: No, I -- I -- I -- as I say, the President unhesitatingly said, "Yes". He feels that Harry has done a swell job and it would help him in working with these foreign governments to have the title of Assistant Secretary and so much of his work is with the foreign governments, and he assured me you'd be all right.

H: Well, I -- I -- of course, I don't know much -- I meant -- you know, when you mentioned him before

HMJr: Yeah.

H: I don't -- you can't find anyone around that knows that fellow from a political standpoint and, of course, I -- I think that -- really I think that in the present Administration

HMJr: Yes.

H: that he has of his Assistant Secretaries -- he doesn't have two of them that are helpful to him and were helpful to him when the election time came around.

HMJr: Well Harry is a Democrat and that's more than you can say for the Army or Navy.

H: That's right. That's right. And I told him that I -- with the Navy and the Army and I think it's an outrage....

HMJr: Yeah.

H: that he has those fellows in there. But I -- I'm going to be back there in a couple of days.

HMJr: Yeah.

H: I'll -- as soon as I come back, I'll come over and see you.

- 3 -

HMJr: Supposing you do that but I -- I'm going to be insistent on this, Bob. X

H: Yeah.

HMJr: Because I need this fellow and he won't stay with me unless I can give it and the President didn't hesitate a minute. And in other positions of that rank, with other National Chairmen before -- I'm here eleven years today -- I've never had any trouble.

H: Yes.

HMJr: I mean, they've always said, "You take the men that you need and you let us have"

H: Well, of course, what I think though -- I'm -- I know you want me to be honest with you.

HMJr: Yeah.

H: I think that -- and I talked to the President -- I think that most of the Cabinet Members have Assistant Secretaries that don't help the President and I talked with him about it on -- up in his room one night during the Campaign.

HMJr: Yeah.

H: And we went over a group of them.

HMJr: Yeah.

H: And I said -- he said, "Why don't you have them do this and that and the other?" I said, "The people don't want them." And if you don't have people that -- that can in any way help the Party -- these people conduct themselves in Washington in such a manner that -- that they're -- that they're helpful to the people that they're surrounded with immediately but they don't try to do anything that would help the President back in their home states someplace. They get in Washington so long and they don't try to be helpful and I think that they've got -- I think it's an outrage that the President has so many of them that are not helpful to him and don't mean anything to him. Here he's got -- I -- there's not -- I don't think he has -- you mention the Army and Navy and I think that's a damned outrage.

HMJr: Yeah.

H: And I've told him that.

HMJr: Yeah. Well, I've only got a couple of people -- non-Civil Service people around me and he is one of the three or four key-men I have in the Treasury and I hope you go along. X

H: Okay. Well, I'll come in as soon as I come back.

HMJr: Right.

H: Thank you.

November 17, 1944
3:58 p.m.

Ted
Gamble: Hello, Mr. Secretary.

HMJr: Ted.

G: Yes, sir.

HMJr: Two things: I suppose you know at the President's press conference he said he was going to broadcast.

G: Yes.

HMJr: I stopped and saw Early and he said you sent something over and he gave it to Roosevelt.

G: Yes.

HMJr: So I just wanted to make sure we were together.

G: We are together on it, sir.

HMJr: Now, what I don't think you can know is that at Cabinet it was settled that the Army football game is going to be in Baltimore.

G: Yes.

HMJr: And the President tried his best to bring in the Red Cross.

G: Yes.

HMJr: And I said, "Well, I . . ." -- the Red Cross Drive wasn't on, why the Red Cross? Of course, that's Basil O'Connor getting to him, you see?

G: Yes.

HMJr: So I stopped afterwards, and the Secretary of War heard me, and I said, "Now, look, Mr. President, unless you get in on this thing, we're all right as far as the Army and Navy is concerned -- if you just keep out of this, we'll be all right."

G: Yes.

HMJr: So he said, "I'll keep out of it."

G: Fine.

HMJr: Now -- so if you want to sell tickets over and above the price -- I mean bonds, you know.

G: Yes.

HMJr: You get busy. And the Secretary of War heard the President say that.

G: Fine. Well, I expect our job is to get busy immediately with the Navy.

HMJr: Well, then I wrote a note to Forrestal and said, would it be all right for you to get in touch with him on the thing and he said he would, so you'll have to move fast.

G: Fine. Fine. I'll get in touch with him immediately.

HMJr: Now, you said you were going to have something for me.

G: Yes, sir.

HMJr: Where is it?

G: I have it; we're just now finishing the draft on it, sir, and I

HMJr: How do I get it?

G: Sir?

HMJr: How do I get it?

G: Well, you're going to leave -- have you set your departure time?

HMJr: No.

G: Well, I thought I'd like to spend about two minutes with you and present it to you and also clear up a couple of little matters like press conferences.

HMJr: Well, it's going to be next to impossible. You'll have to write out what you want and if I go tonight....

G: Yes.

- 3 -

HMJr: You'd better write out the whole thing, get it into Fitz' hands and let him give it to me.

G: Fine.

HMJr: And when I get to Chicago, I'll make up my mind whether -- I'm so tired now I can't settle anything more and I've got to go into a long conference with the English right now.

G: Fine.

HMJr: So you'd better put it all in writing and when I get to Chicago, I'll give you a ring.

G: Fine and dandy.

HMJr: But it's -- and I don't want -- need anybody to meet me tonight. I'll be taken care of.

G: All right, sir.

HMJr: And just tell me who I should -- tell -- Joe Gaydica is outside.

G: Yes.

HMJr: You give the whole thing to Joe.

G: Well, that's the way to do it.

HMJr: Tell him what you want.

G: Fine.

HMJr: And -- but I don't want to be met. If I go there, I want to go to bed.

G: Fine. I won't even tell them what time you're coming in.

HMJr: No, please don't.

G: I won't.

HMJr: And then just tell Joe who we should contact in the morning.

G: Fine. Well, will Joe be free for a half hour if I bring him over here?

HMJr: Right now?

G: Yes.

HMJr: Right now Joe's free.

G: All right, sir, I'll bring him over.

HMJr: Just -- if you don't mind. But I've got to go into this meeting with the English.

G: Yes. Well, I understand that, sir.

HMJr: All right. And I've got about ten other things.

G: I had a nice chat with Mrs. Morgenthau.

HMJr: Did you?

G: Yes, sir, about Mrs. Roosevelt and herself and worked out something for her when she returns and will personally take care of it.

HMJr: All right, but you understand, and I just -- I'm overwhelmed right now.

G: Well, I understand that, sir.

HMJr: Right. Now

G: I presume the White House is going to announce the game. Is the President going to announce it?

HMJr: Oh, well, don't -- yeah -- don't get in on that. And I'd work through Forrestal as far as the War Bonds are concerned.

G: Right. Right.

HMJr: And -- well.

G: Well, that's everything I need to know, sir.

HMJr: You just see Gaydica. I'll send him over to you.

G: Fine. Thank you.

HMJr: Right.

November 17, 1944
4:05 p.m.

HMJr: Hello.

Operator: Go ahead.

HMJr: Yes.

Leo
Crowley: Henry.

HMJr: Yes, Leo.

C: I'm on my way over there and I'll be a few minutes late but I wanted to tell you this: I'm going to ask Halifax and those people to give us a couple of days, not on anything particular but our boys have been crowded so very, very hard on this thing here and I think I can satisfy them all right, but I'd like to have your help on the thing just a little bit.

HMJr: Uh

C: The food thing is giving us an awful lot of worry.

HMJr: Yeah. Well, it suits me. It just was this thing: I'd love to get these people out of town.

~~FF~~ Yeah.

HMJr: Hello?

C: Yes, Henry.

HMJr: Because I think all of us have just worn ourselves out on this thing.

C: That's right. And I wonder if we can't let him -- if he won't go up to Canada and let us -- if we had any particular trouble, why, he could come back.

HMJr: Well, he's got a certain steamer that he wants to make. See?

C: Yeah.

HMJr: I think it's a week from tomorrow. But

- 2 -

C: Well, even if he has to stay until Monday or Tuesday, we can have it worked out, but it would be better if we had a few more days because the big worry that we have -- now, we've hit quite a snag in this meat as you know -- on this whole food thing.

HMJr: Yeah.

C: But I'll be right over but I wanted your -- I wanted you to know what I was going to try and ask for.

HMJr: That's very courteous and I'm with you but just let me know -- let you know what my own plans are.

C: Yeah.

HMJr: I'm leaving tonight for Chicago to make a War Bond speech.

C: Yeah.

HMJr: And Sunday night I'm here for a half a day and then Monday again in New York on War Bonds, so I'm not -- won't really be available before Tuesday.

C: Well, then that would be -- you'd be here Tuesday and Wednesday?

HMJr: Tuesday and Wednesday.

C: If we could have until that time, we'd have this thing pretty well out of our way.

HMJr: Well, then you -- I'll go along with you cheerfully.

C: Thank you very much, Henry.

HMJr: Thank you.

11/23/44

November 17, 1944
4:00 p.m.

AMERICAN AND BRITISH LEND-LEASE CONFERENCE

Present:	Mr. White	Lord Halifax	Mr. Bridgeman
	Mr. Acheson	Lord Keynes	Mr. Helmore
	Mr. Crowley	Sir Robert Sinclair	Mr. McClay
	Mr. Casaday	Sir Charles Hambro	Mr. Penson
	Mr. Coe	Sir Henry Self	Mr. Snelling
	Mr. Cox	Mr. Ben Smith	Mr. Opie
	Mr. Currie	Mr. Lee	Mr. Wilkinson
	Mr. Fedder	Mr. Brand	Mr. Hutton
	Mr. Angell	Mr. Goschen	Mr. Stevens
	Mr. Collado		
	Mr. Davidson		
	Mr. Griffin		
	Mr. Havlik		
	Mr. Appel		
	Mr. Eaton		

H.M.JR: Mr. Coe and Mr. Currie, where would you like to start?

MR. CURRIE: We might start on Number 2, if it is satisfactory with you.

H.M.JR: Is that agreeable to you gentlemen on the left?

(General agreement)

H.M.JR: Is it all right if I address you that way?

MR. SMITH: I think that is a sly one for me!

H.M.JR: Pick something easy, Lauch.

MR. COE: Export principles, sir.

MR. CURRIE: Mr. Acheson will want to see to that, I think.

- 2 -

We can report progress, I think, on the Chapter 3 items. Number 4 - we have been doing some more intensive work on that since our last meeting. (Refers to third draft entitled "Use of Lend-Lease Articles and Commercial Policy," dated November 17, 1944, attached)

(Mr. Acheson enters the conference)

MR. WHITE: Now that Dean is here, why not start with the export?

H.M.JR: Mr. Acheson, do you want to speak to Number 1 or Number 2? If you and Mr. Currie would agree among yourselves, and Mr. White, which we should take up first--

MR. ACHESON: We might begin with Number 3, Mr. Secretary.

H.M.JR: Is it agreeable to you gentlemen that we start with that?

(General agreement)

MR. ACHESON: As I understand it, Mr. Secretary, we have had in the technical committee discussions of this document, and I think that we are agreed on paragraphs "A," "B," and "C," and that as to paragraph "D" the last sentence is an agreed sentence, but I think Lord Keynes has some views as to the first two sentences of paragraph "D." I think I am right about that.

LORD KEYNES: Mr. Secretary, we have one or two points on "B" which I might mention afterwards, but as Mr. Acheson says, the substantial point is on "D."

The subject of Section "D" is, in our opinion, entirely separate and a very difficult matter which we can't hope to embark upon with success at this stage of our proceedings; and I hope, therefore, that this section, apart from the last sentence, can be omitted. But while we hope it will be omitted, we are very sensible of the points in the minds of the American group.

- 3 -

MR. WHITE: Might the essence of "d" be stated? I don't think the Secretary has had an opportunity to examine these.

H.M.JR: Just so that you people understand - since I met with you (the British) last night I have been immersed in the War Bond campaign. I am completely in a fog.

LORD KEYNES: Well, Section "d" is a new matter which we haven't discussed. As I say, it doesn't seem to us to be entirely relevant in this place. It is the question of the efficiency and reasonableness with which we administer the dollar sterling pool. Well, now, we hope this can be omitted - in fact, we think it is essential it should be - but we are very sensible of the significance of the points raised in it; and I should like, Mr. Secretary, if I may, to do my best to meet the substantial points and then make a suggestion as to what we should do about it.

H.M.JR: Please.

LORD KEYNES: We have shown in our main statement that we don't at present anticipate that any significant surplus of dollars is likely to accrue as to the sterling area of the dollar pool during 1945, after meeting essential needs. But I can certainly affirm, without qualification, that any supply of dollars which may accrue to the pool in the coming year will be administered, insofar as it depends on London, so as to allow as much freedom as possible to importers choice and so as to provide as good a solution as possible for particularly difficult cases, as referred to in this section.

We are, in fact, engaged at this very time in considering along what lines these sterling areas systems can gradually evolve to meet changing circumstances in the fairest and most convenient manner to all concerned.

As it happens, we have just concluded some conversations with Mr. Landis in relation to one of the most troublesome spots in this context - namely, Egypt. And we have reached, I understand, a satisfactory understanding with him.

- 4 -

Well, now, we shall hope for the same opportunity of discussion with the same success in other cases. None can be more anxious than the British Exchange Control to operate this difficult system which circumstances have forced upon us so as to cause the least possible friction.

The basic trouble is, of course, the shortage of dollars in many parts of the world. That is something which perhaps you can remedy, but which we of our own motion, certainly cannot. We can only promise, so far as it depends on us, to administer any dollars which accrue fairly and to the best mutual advantage, and above all, not to use this shortage as an excuse or as a cover to obtain trade advantages for the United Kingdom and the rest of the sterling area by seeking to exclude particular applicants for import licenses from a reasonable share.

I have no need to refer back to London to give you that assurance. Import licenses and exchange control are for us undesired contrivances forced on us by circumstances, and operated not with a view to obtaining special or unfair advantages, but as the only means open to us to avoid chaotic conditions, and an insufficiency of resources for essential purposes.

Perhaps I might take this opportunity to express a hope that at the earliest convenient opportunity purchases of raw materials from the sterling area will be returned to private channels of purchase to restore the source of earning power. The contributory cause of the difficulties under discussion is that the wide extension of reciprocal aid has removed a part of the normal earning power remaining to the sterling area after losses of trade through enemy occupation, and shortages of shipping, and the like. We believe that reciprocal aid has done so much to foster a sense of common effort and mutual dependence, and there will certainly be no move on our side to curtail it. But, nevertheless, neither of our groups ought to overlook the fact as we gradually approach more normal conditions that any curtailment of the dollar earning power with the rest of the world inevitably aggravates the problem of finding

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the dollars to finance that large volume of American exports which the rest of the world, including ourselves, would like to buy if we could pay for them.

Mr. Secretary, in expressing, as I wish to do, a great appreciation of the arrangements outlined in the rest of this paper, I should like to emphasize what perhaps needs no emphasis, that we of the United Kingdom seek such exports only as a means to paying for the imports which we greatly desire; so it is a truism and not a paradox to say that any means which can be adopted for the recovery of British exports is, by the same token, a means for the expansion of American exports.

We want not only to acquire American goods, but also to pay for them, and the recovery of our export trade now and hereafter is the only possible means of doing so.

Well, that covers to the best of my ability all the points which were raised in this clause which, in our thinking, can't possibly be embodied in this context. But I should be very happy, Mr. Secretary, to embody the substance of the statement I have just made, in a letter, if that will meet with your wishes.

MR. WHITE: Mr. Currie might--

MR. CURRIE: Mr. Secretary, that was a very heartening and very reassuring statement that Lord Keynes made. We thought recently it would be appropriate to put it in this particular paper - a statement along those lines - because this does vitally affect the question of exports and exporters' complaints in this country.

We anticipate that in Stage II when there will be a rapid expansion of British exports to the sterling area, with no corresponding expansion, or perhaps no expansion at all, of American exports, and perhaps even some less, which they have had during the war, that there will be an enormous volume of complaints and there will be many accusations that the sterling control is using a shortage

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of dollars as a means of pushing American exporters out of traditional markets, that they had some assurance in the case of these exports which are now going - perhaps a few additional that they could compete with on a price or quality basis - and were not being shut out purely because of exchange restrictions.

That would ease the criticism, I think, that will be levied against the British sterling control, and against Lend-Lease; and we feel a real responsibility in defending Lend-Lease - keeping it going - and we anticipate that that will be the source from which most of the complaints will arise. And a letter should, as Lord Keynes mentioned, be of enormous help, I think, in helping to meet these criticisms, or in a case where they appear legitimate forwarding to the appropriate authorities on the British side.

We hope, in addition, that the financial arrangements might be worked out in such a way as would permit the sterling control in the Dominions, particularly areas of the sterling group that have a surplus of dollars now - to permit them to expand to some modest extent their imports of American goods on commercial account, which would enable us to meet the hardest cases where the most vigorous criticism comes from. But I appreciate that whether or not Lord Keynes can do that depends on the final outcome of our financial arrangement and the state of their dollar resources.

MR. WHITE: Do I understand, Lauch, that you feel that a statement - something along the lines that Lord Keynes has suggested - would be an adequate substitute for D,E, or are you suggesting there be an addition?

MR. CURRIE: I think that is probably as far as we can go at the moment. In addition, I hope that as we get a clearer picture of the outcome of all our program on the British financial position, it may in addition be possible to provide even some assurance of some slight expansion in American exports to those parts of the sterling area in particular that have surplus dollars.

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MR. WHITE: But for the moment, you feel that that would replace part "D"?

MR. CURRIE: Yes, but whether it is in this document or another, I don't think is important.

LORD KEYNES: Well, it should be in a separate letter. It hasn't, in our view, direct relationship to this.

MR. ACHESON: But we are agreed on the last sentence, that we will keep that - of "D"?

LORD KEYNES: I understand you attach importance to that, and I think there is no misunderstanding as to what we mean by it. This is really repeating a little bit what I have said in the statement, that undue competitive advantage means that we use, so to speak, devices on the recovery of such shortages to try to prevent import licenses being - to incorporate assurances to that effect.

MR. ACHESON: Something to this effect was in the original White Paper - was in the draft which we made last year - and I think it would be very helpful to have it not dropped out.

LORD KEYNES: Some of my group were a little critical of this on the ground that it might lead to misunderstanding, but I think we understand what it means. I think, on the whole, we are prepared to keep it, aren't we?

MR. SELF: The heading--

LORD KEYNES: The heading would go together with the first two sentences, and you could put in a suitable heading to the last sentence.

MR. SINCLAIR: Doesn't need a heading, does it?

MR. ACHESON: Some, yes.

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LORD KEYNES: Mr. Secretary, there are one or two points that I could make on the first part of the document. We only got this last night; we don't want to waste time by making drafts or minor amendments. We would like to accept it as far as possible as it stands. But there are two points. One is very trifling, but I think it is a drafting correction we ought to have, where it says under "B-1," where it says, "...will be exported in commerce except as provided in paragraph 3 below," we think it would be better if you would say simply, "...as provided below"; that would include three and five. And the reference to three, specifically, I think, will be very obscure if people don't understand it thoroughly, although I understand the meaning of that reference.

H.M.JR: Mr. Acheson, do you mind being the leader, so to speak, on our side on this - if that is agreeable to Mr. Crowley?

MR. CROWLEY: Sure.

H.M.JR: Because I haven't seen this document before and I take it that you have.

MR. ACHESON: Yes, sir.

H.M.JR: Would you mind being the leader on our side?

MR. ACHESON: I see no objection in saying, "...except as provided below." I am not quite sure what Lord Keynes said the point was. You mean paragraph 3 is not clear?

LORD KEYNES: No, you see, this is Paragraph 3 - more strictly it would be Paragraphs 3 and 5, but I think we could just leave out "paragraph 3." That is right, isn't it?

MR. COX: Yes.

MR. ACHESON: "...except as provided below." That was accepted.

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LORD KEYNES: That is the only part.

Well, now, the other point - I think perhaps it doesn't need any change in the draft - we would like to be sure we understand it in the same way. The second part - "B-1" - goes a very long way to meet our difficulty about the odds and ends in the military program, which might be conceivably held to overlap with exports under the identical clause. It goes a very long way, but there remain certain other miscellaneous articles of no great importance and value, but very numerous, or may be very numerous, which it doesn't cover.

Well, now, we want to, I think, have an understanding as to what the procedure is for dealing with such cases. We think that the happy way to do it would be under Number 5. That is, that you should - I think it could only be done in London - that you would send a representative who would go through our Lend-Lease requirements in the Board of Trade, where they have our export programs, in order to search for articles that might appear to fall under the "identical, substantially similar" clause, with the idea that we should then remove such articles from the Lend-Lease list and pay cash for them. It was our notion that anything which would be vulnerable under this we should pay cash for.

Now, we don't think that the cash involved will be very large, but the lists we have here are not adequate for us to be perfectly certain about it. We should hope that you could send a representative who would be prepared to take a broad line of what was meant by "identical, substantially similar," and who would not want to go into trifles - so he wouldn't wish to trouble about trifling items.

MR. WHITE: Lord Keynes, don't you think that point, since you are agreed in principle, that some of your people and FEA and State might get together subsequently and work out some machinery?

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LORD KEYNES: But if you could agree this is the right way of doing this - this is something that the Board of Trade when they see this will immediately fix on as very troublesome, and I think it needn't be troublesome if it is handled in this way.

MR. WHITE: I am wondering whether there would be time for folks here to adequately explore that machinery in time to give any fruitful suggestion here.

LORD KEYNES: I am not asking for that. What I am asking to be done under the terms of this draft - but as I shall be going away very shortly, I think that was in our mind in accepting this draft - and it should be in your mind before we actually sign it - that is to say, that we think that you have met eighty or ninety percent of the difficulty; there remains ten percent. And in signing this, our idea will be that that will be dealt with under Five by the machinery I am indicating, and that anything which is by agreement left in the Lend-Lease list after this examination, you will be presumed to have exercised your waiver or approval, either because it wasn't identical or because it was too trifling to bother about; and anything which was difficult and was identical, then we should take it out of the Lend-Lease altogether and pay you cash for it.

MR. WHITE: Well, you probably considered - it seems to me it is a little difficult to agree on the suggested machinery, particularly since that is being made a condition of acceptance, if I understand it correctly. Don't you really want more time?

MR. ACHESON: It is really an administrative task which falls on FEA.

MR. COX: You are talking about the policy of administration, meaning Number 5, and I should think in principle it is right.

LORD KEYNES: How were you considering administering this?

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MR. COX: We hadn't gotten into the detailed consideration of the administration. I agree with you in policy that you ought to work out the most effective administration under Five, and cover the gray cases under One, and it may well be that the most feasible administrative method is to appoint a high-caliber fellow to go to London under the administration of FEA, who is liberal and understands the document. But I don't think any of us--

MR. CURRIE: We had about a ten-minute discussion of it this morning, and I think, as long as we agree that there must be appropriate machinery for implementing this document, it is as far as we can go at the moment.

H.M. JR: We are taking on a terrific responsibility when we do that. If such things as the honor system could be worked out, where we look to you to carry out the spirit of it rather than have a master there watching - a controller or checker - I am just thinking out loud - I haven't heard of this before - but to me, certainly I think we ought to have time. I again say that the honor system would appeal to me much more than to have a controller.

LORD KEYNES: But you see, the difficulty is that the way we are going to do it is that we are not going to take on Lend-Lease anything identical with what we export. Then we can leave our exporters free when it comes to the financial issue, how much we have to knock out of Lend-Lease; and that is the way we shall look at it, and I think the right way.

Now, there has to be some machinery to find out what to knock out of Lend-Lease. I don't think I am really suggesting anything out of the line of this. It is the only really practical way, I think, of working it.

H.M. JR: Lord Keynes, I doubt whether those of us on the American side can say yes or no, tonight, without talking it over, because certainly for myself, I don't know about Mr. Crowley and Mr. Acheson, this is quite a new thought, that we are going to send what amounts to a controller over there, who is going to examine every item of export.

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LORD KEYNES: It will be only about two or three days' work.

H.M.JR: I mean, there will constantly be new items. It would be a life-time job.

LORD KEYNES: We can't do it that way. Our idea is that the Lend-Lease has now been drawn up. You have to look through that with a view to our export program. If you are going to deal with this - I mean, I don't know what the alternative is. We can't see any other.

H.M.JR: It isn't the Lend-Lease, it is your list of exports we will have to look at.

LORD KEYNES: We will tell you, you see, which of the items look vulnerable from our point of view, and then you have to say whether you want us to pay cash for that or whether it is a case that can be passed over.

MR. WHITE: Lord Keynes, I don't think there is any difference of point of view as to the objective and as to the principle. That clause was put in there to take care of certain of the borderline cases - certain of the difficulties that may arise - and to avoid the necessity of thrashing through to the last period hypothetical cases at this meeting; and the machinery that could be adopted to implement that, I think, could be easily arrived at after there has been some joint discussions between the two, and I don't see there is any principle at stake. It is merely a question of not expecting the group here to get the full significance of your suggestions without having had time to mull them over, or possibly to suggest some even more effective way.

LORD KEYNES: But I think it is sufficient to have in your mind what we are thinking of.

MR. CROWLEY: I think, too, Mr. Secretary, it all depends on the type and willingness of the type of man we send over there as State's and our representative to work with you on that problem.

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LORD KEYNES: That is right.

MR. CROWLEY: That is more important than anything you can spell out here in writing.

LORD KEYNES: I think so.

MR. WHITE: Though I must say I was under the impression that that Section 5 was something that couldn't be decided in any contiguous brief period, but was rather something that was available there throughout the period of the program.

LORD KEYNES: What I am suggesting is a particular application. This won't be the only application; this would simply be a particular instance of making use of it.

H.M.JR: I don't see how a man can do this in two or three days.

LORD KEYNES: Well, he can be longer. I dare say I am wrong on that, I don't know.

MR. SMITH: I think it will take a little more than two or three days, certainly.

H.M.JR: He would have to be there continuously.

MR. DAVIDSON: Mr. Secretary, I think if we state the problem in reverse, I think we can see what Lord Keynes is attempting to get away from. The present system really involves a screening of almost every export item, one by one, and I believe that what Lord Keynes is suggesting is that we adopt some system of getting away from the scrutiny of individual exports; that what we look to is some system which would enable us to arrive at a broad decision with respect to particular categories of goods, which might then be reviewed from time to time in the light of circumstances and of the problems as they arise. And I think it is agreeable - I think the American side believes that we have no intention of going to any system which would

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require individual scrutiny of every export application, and I think if that is what it is aimed at, why there is no difference. Is that correct?

MR. ACHESON: Yes, that can easily be done.

H.M.JR: But don't you want to think about this?

MR. ACHESON: Yes, I don't think you could say yes to everything that Lord Keynes said, because I don't think it is going to work just the way he suggested, but the principle point that he is driving at is that there should be somebody representing the FEA in London who would be able to go over two lists to see whether there are any items which he regards as the same on both lists. But since both lists are going to be constantly changing, and you have--

LORD KEYNES: You see, the Lend-Lease list wouldn't change for a long time.

MR. ACHESON: If it doesn't, then that is quite simple.

LORD KEYNES: It would require revision from time to time, but we have tried to have something pretty comprehensive for the next two months.

H.M.JR: What do you recommend, Dean?

MR. ACHESON: I think we could say that the administrative principle that Lord Keynes has in mind is work that can be done.

H.M.JR: Do we want to say yes now, or think it over overnight?

(Sir Charles Hambro, Mr. Maurice Hutton, and Mr. Stevens enter the conference)

LORD KEYNES: I don't want to press you. I think the discussion we have had is adequate, and I think there is no misunderstanding between us.

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H.M.JR: Is that agreeable to you, Mr. Crowley?

MR. CROWLEY: Yes, sir.

H.M.JR: The spirit expressed here satisfies you to leave it in that manner?

LORD KEYNES: Yes. I have only one other very small point. I think that now we have left out the greater part of "D" we ought to leave out "...and commercial policy."

H.M.JR: Where is this?

LORD KEYNES: In the heading - "...and commercial policy" wants deleting.

H.M.JR: "Use of Lend-Lease articles"?

LORD KEYNES: Yes. Commercial policy related to that part of "D" which is no longer there.

H.M.JR: What about it, Mr. Acheson?

MR. ACHESON: I don't care very much what ~~the~~ title is.

H.M.JR: A rose by any other name--?

MR. ACHESON: Yes.

LORD KEYNES: It smells very sweet.

H.M.JR: Anything else, Lord Keynes?

LORD KEYNES: The only other thing is that this would be the matter of a statement by the President of the Board of Trade as soon as Parliament reassembles. Today Parliament goes into a very brief recess and reassembles on November 29. Just as I came into the room I had a long telegram from the Chancellor of the Exchequer urging very strongly that for overwhelming political reasons why,

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when Parliament reassembles on November 29, they should be free to make the statement. Well, we have therefore tried our hands at suggesting the kind of words that the present Board of Trade could use, aiming at riding two horses at the same time; namely your political situation and our political situation. How successful we have been, I don't know.

I think I furnished a copy of this to one or two of you this morning and your impression was quite favorable.

I only want to say there that I think it is very important that we should be able, in the course of tomorrow, to settle that. I don't think there is very much that arises, so far as I know - I think that Mr. Acheson Currie, and Cox have seen copies. I am not sure Mr. Crowley has, or you, Mr. Secretary.

MR. CROWLEY: Lord Keynes and Mr. Secretary, I would like to suggest this. Your Parliament doesn't meet until November 29. Your people and our people have been working night and day on this. There are some things, especially in the food, that disturb us quite a lot. Now, we want to be sure that we thoroughly understand it. You (the Secretary) are going away tonight. You are going to be gone until Tuesday. You (Lord Keynes) want to go to Canada, and as I understand, you have a reservation for a ship out of Canada--

LORD KEYNES: Out of New York, yes.

MR. CROWLEY: Now, if we could have in this Government someone to work with you people, and to do some work with ours until you (the Secretary) got back here Tuesday morning, I am sure we would ask for no further delay on this thing. If that would give you time to get to Canada, or if you wanted to go to Canada and come back from there for a conference with us the latter part of the week--

LORD KEYNES: I should say that if nothing arises - I mean, I think we all of us would rather welcome an opportunity to read these papers through quietly. It is

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rather like Bretton Woods; one is signing on the dotted line and the dotted line is all one has ever seen.

H.M.JR: The only--

MR. WHITE: Could we delete that from the record, Mr. Secretary?

H.M.JR: The only difference is there is no Moon Room.

LORD KEYNES: Therefore I think it is very reasonable that we shouldn't affix our signatures until there has been a chance to look at it in a more leisurely way. But I should hope no matter would arise which couldn't be dealt with by the Minister and Commissions here. If anything did arise, I would do my utmost to fly back from Canada after twenty-four hours, but I very much hope that we should find that our experts have, as I believe, done their work all right and further inspection confirms what they have done. And the Minister, who I am sure will be available all next week - won't you?

MR. SMITH: Yes.

MR. CROWLEY: That will be perfectly acceptable to us and if there is any real complication, why you could come back for a conference. I hope it won't be necessary, and I don't believe it will. But if we could have a few days, it would be very helpful to us.

LORD KEYNES: I think that would mean that nevertheless we shall, by Monday, try to get as far as we can, but we don't actually sign up until Wednesday.

MR. CROWLEY: That is right. Don't you think that will be better, Lauch?

MR. CURRIE: Yes, that will be a great help to us.

MR. CROWLEY: I find they are getting a little bit irritable. We had better take the pressure off a little bit. They are getting mad at me, sometimes.

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LORD HALIFAX: Unconscionable!

MR. CROWLEY: Lord Keynes, when you go and leave that fellow over there (Mr. Ben Smith) you are leaving a good substitute.

H.M. JR: What is the next thing?

MR. ACHESON: What does that leave us as the date when perhaps all of these things will be concluded?

H.M. JR: As far as I am concerned, it will have to be Tuesday and Wednesday.

MR. CROWLEY: Let's make it for sometime Wednesday.

MR. WHITE: Do you want to set the time now, before you leave?

H.M. JR: Ten o'clock Wednesday morning. That will give you a chance to bring me up to date Tuesday.

LORD KEYNES: I think Mr. Crowley was raising reference to detailed program of the various departments. I hope that we can settle what we sent the President of the Board of Trade tomorrow. That I think I should like to get settled while I am here, and I know he attaches great importance to having that. But I think we can do that easily tomorrow.

MR. ACHESON: Well, are we going to be in a position, so far as your report to the President is concerned, to know?

H.M. JR: By tomorrow? The answer is no.

MR. ACHESON: Therefore it will have to be set on a tentative basis.

H.M. JR: Very tentative.

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MR. WHITE: And in view of the fact that you mentioned the date of the 29th, possibly any communication of that character might wait.

LORD KEYNES: No, I am afraid it can't. I have got a very urgent telegram here from an important Minister which I think must be replied to. I think you don't quite realize how they are feeling on the other side about this, and any further delay, I think, would really spoil the whole episode. I don't believe there is any reason for it.

H.M.JR: I read the telegram, and with all due respect and your courtesy in showing it, the pressure that is on you - nothing could be worse than to have a premature release on this until we are sure of our own ground.

LORD KEYNES: There is no question of a premature release. We shall do that on the 29th. But this is something which I had hoped I could settle before I go.

H.M.JR: There is no use pressing us. We have certain problems here which are not settled yet, and we are not prepared to make any commitment on the over-all picture. After all, I still have to report - not I, but the Committee - still has to report to the President. He has had no opportunity to look at this. It is a vast sum of money, and you are perfectly at liberty to make any report that you wish to, but you can't in any way indicate any commitment on our part.

LORD KEYNES: You see, this only relates to the sole matter - this isn't on the discussions in general; this relates to the export matter which we have just been dealing with, nothing else.

MR. CROWLEY: Lord Keynes, the hardest thing for us to handle with our export people and with our Hill is the question of the export policy, and that is a delicate thing for us here. If you were to make some release committing us before we had cleared it with the President, and we had cleared it in a way that we got the best reaction in this country that is possible, we might get ourselves into a lot of trouble.

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LORD KEYNES: That isn't the question. The only thing is that I think our Ministers want to know as soon as possible what the upshot is, you see. I think the best way will be for me to collect from those who have seen it, any criticisms that are available tomorrow, to telegraph it, and that won't prevent you - there will still be time--

MR. WHITE: Isn't that an integral part of the whole program, and if it is an integral part of the whole program, I don't quite see how there is any alternative but a submission of a report by you as to how the discussions are going, but any indication that it is an agreement or a commitment on this Government would seem to be a little bit premature in view of the fact that, even though it is a small part, if I understand it correctly, it is an integral part of the larger programs.

H.M. JR: What I would like to say is this. You see, what we have done here, as we said we would at Quebec, is stopped all of our other work and we have done here in six weeks or two months - whatever it is - what normally would take a minimum of six months - a minimum.

I believe the Russian protocol, which wasn't nearly as complicated, took six months. But this we have done with the result that we haven't had time to fully digest the thing ourselves, and quite frankly we haven't had any opportunity to make any report to the President. First, he has been busy. So we just have to have sort of an inventory of our own position.

I repeat myself - I am sure you make constant reports to the Chancellor of the Exchequer of what is going on; that is your privilege and your duty. But to make any report in any way involving us until we have - I would say until Tuesday or Wednesday - I just have to ask, as far as we are concerned, we have got to wait until we see you Wednesday, because something came in from you yesterday and I haven't had a minute to read it.

LORD KEYNES: Well, we must wait.

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H.M.JR: Thank you very much.

MR. WHITE: Then do you want to go to the next item, the status of the non-munitions program, or would you prefer to take Chapter 4?

MR. CURRIE: I thought Mr. Crowley had covered that by saying we would like to study it.

MR. WHITE: Does that apply to Chapter 3 items?

MR. CURRIE: We can discuss that. I think, Mr. Secretary, the statement is self-explanatory. These are the items which, after several meetings, the United States group feels would be added to the general over-all program. We would still like to have the privilege of final revision and review of this. It is very much in the same status as the over-all program is. We are rather rushed on it, but these are the items which we think we could reinstate or add to the program. They add up to two hundred million dollars. (Refers to attached draft of Chapter 3 Items, dated November 17, 1944.)

(Mr. Wilkinson enters the conference)

MR. CURRIE: I believe that total would not represent a lessening of the cash resources of the British.

LORD KEYNES: I think it potentially represents that, apart from Four. That is to say, I think it represents one hundred and forty million cash additions.

MR. CURRIE: It is possible that you may have purchased for cash some of the equipment items of Number 4.

LORD KEYNES: Yes, that is right.

MR. WHITE: You might mention Number 5. We have had no information as to even the relative accuracy of that final figure of thirty-eight million, since it depended upon an evaluation which we have not heard about for a long time. It may be thirty-eight, it may be more or it may be less, unless you have information recently on it. We haven't.

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MR. CURRIE: Mr. White was just making the point, Mr. Secretary, that Number 5 is peculiarly tentative. There is need for further check and verification.

LORD KEYNES: Yes, we understand that. That is an agreement in principle and the amount is uncertain. It is, as you say, a very old story and nobody has checked on it.

MR. WHITE: Have you heard anything with respect to that last item in the last year?

LORD KEYNES: I haven't, but Mr. Lee was saying that it is probably a bit high.

MR. WHITE: Well, as long as it is understood that we have no recent information with respect to the accuracy of that item--

MR. WILKINSON: It is quite a recent figure, but it will be subject to check, of course.

LORD KEYNES: What do you think?

MR. WILKINSON: It is fairly accurate, yes.

MR. WHITE: I think the only other item that I would like to raise - if Mr. Acheson would discuss that item 2 - Military reciprocal aid--

LORD KEYNES: Could I first of all say, what is the position - you see, these are the items which we considered with you recently, made more definite.

MR. WHITE: There is some slight addition to that.

LORD KEYNES: The three major items reserved for further investigation.

MR. WHITE: Anything that is not in here is covered by that second paragraph - very brief paragraph.

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LORD KEYNES: Yes, quite so. But that seems to me to be something I can't leave Washington until that has been considered. If that is going to take some time longer, I think I probably better scrap all my programs.

MR. WHITE: Mr. Secretary, these are the other items in Chapter 3, tobacco, off-shore sugar, planes, and so forth; that is what Lord Keynes is asking about. I said that all the items which are not included in the program listed are covered by the second paragraph, which says: "The other Chapter 3 items are deferred for further investigation and consideration."

H.M.JR: We can tell them which ones we know we can't do.

MR. WHITE: Well, that probably would be helpful.

LORD KEYNES: Mr. Secretary, I am not pressing, it is simply that he--

H.M.JR: Excuse me one minute, please.

(Discussion off the record)

H.M.JR: Under so-called Section 3, we, yesterday, had a very lengthy discussion with Mr. Lovett and his assistants, and after going into this thing exhaustively we find that there is, even if we wanted to reopen the airplane contracts and consider them, the Army and their attorneys advise us that there is no appropriation. We would have to go to Congress to get a new appropriation with which to pay for these items. And Mr. Lovett is absolutely opposed to reopening these items and asking for an additional appropriation.

I want to assure you gentlemen that we looked at this thing from every possible angle. We have been through this thing exhaustively. We have studied the contracts starting with '41 where we took over certain engines, paid for them with cash, and then gave you either identical engines or improved engines on top of that. But we have been through

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all of this thing with just as friendly an attitude as anybody could have, and even if we wanted to, without going up to Congress to ask for a new appropriation for these items, it would be impossible to meet your requests.

Therefore, reluctantly, we have to inform you that the question of reopening of airplane contracts from our standpoint is impossible.

In regard to tobacco and off-shore sugar, we are finding difficulty with them. It will take more time. But we will not be able to give you an answer on those two by Wednesday.

LORD KEYNES: Not even by Wednesday?

H.M.JR: No, not even by Wednesday. We find it, I think you call it, very sticky. But they are under study. But I doubt very much, in fact I am almost sure, that we cannot give an answer by Wednesday on off-shore sugar and tobacco.

LORD KEYNES: Mr. Secretary, I am sorry to be tiresome about my personal plans, but I would be grateful for your advice, whether in the light of this the best thing would be for me to go to Canada - what I was contemplating, to abandon my sea passage and to come back here about a week later, and whether that would be a convenient date.

H.M.JR: Your plans are my plans. I frankly don't know how to advise you. We might know a little bit more Wednesday on off-shore sugar and tobacco, but I don't want to encourage you too much. They are the two most difficult items. If we were pressed to give an answer, and we don't want to be pressed--

LORD KEYNES: I am not pressing at all for that.

H.M.JR: If we were pressed at this moment we would have to say no, and that is why we want more time.

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LORD KEYNES: I was just asking for advice, whether it would be worth my while to stay on some days after Wednesday in the hope that then we could reach a conclusion?

H.M.JR: If you could leave your plans fluid through Wednesday I think we might be able to give you a better answer on Wednesday.

LORD KEYNES: Thank you.

H.M.JR: But if you could leave it fluid--

MR. WHITE: Mr. Secretary, when you ask him to leave his plans fluid, I take it that you mean just that - that he is not altering his plans, because the difference between Wednesday and Sunday are so slight.

H.M.JR: No, he has his reservations and he will keep them, but you understand.

LORD KEYNES: Yes, I understand. I think I shall give up those reservations because I am thinking of the next ones.

H.M.JR: Don't give them up now because they are kind of hard to get. I would hold onto them until Wednesday. After all, you are just over a night away from your ship.

MR. WHITE: I just want to make certain it is perfectly clear that you are not giving up your Sunday reservations on the basis of what the Secretary just said. Is that clear?

LORD KEYNES: I think I won't take up any more time. I will do the best I can with what I now know.

Thank you very much.

H.M.JR: Now, what else, gentlemen?

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MR. WHITE: The only other item which I think Mr. Acheson would like to talk to is Item 2, Military Reciprocal Aid.

MR. ACHESON: Mr. Secretary, I am not altogether up to date because I think some discussion went on after I had to leave the meeting this morning.

(Mr. Coe distributes copies of the attached memorandum, Copy No. 25, dated November 16, 1944)

MR. ACHESON: We have no clear resolution at this point. The point is that the Army included in the Army estimate a condition to the effect that the Army Lend-Lease will be conditioned upon Lend-Lease from the Dominions and the U.K. - for the American forces in the Pacific, without geographical limitations which the Dominions have now imposed upon their Reverse Lend-Lease.

Yesterday we drew up a draft letter to you, the idea being that this would be signed with appropriate changes both by the Dominion and the U.K. Government in the cases of Australia and New Zealand and India. The chief problem, I think, arises in connection with Australia.

The Australians do not want to give Lend-Lease, even though it be the same in amount as they are now giving, to the American forces if it goes, for instance, to India. That is the great problem which has existed between the Army and the Dominions.

Now, what we hoped to do was to have that condition withdrawn from the Army estimate and have a communication signed by the Dominion and the United Kingdom Government in these three cases which would, in effect, say that subject to the allocation procedures and the availability of supply, the Dominion would make Reverse Lend-Lease for the forces available to whatever extent the Dominion would agree to, whether they said in the Southwest Pacific, or the South Pacific, or whatever it might be; and that any further amounts which were available under allocation for Lend-Lease which the Dominion would not make available

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financially, the United Kingdom Government would, with the proviso that the United Kingdom Government at any time might give notice of a desire to terminate its responsibility; whereupon that would take place three months after the notice.

In the meantime, conversations would be engaged in to see what could be done. Now, that was the general plan. This morning we had a draft letter which, after some discussion, was going to be changed, but I have not seen a revision of it, which would cover the U.K. part of the matter.

I think the general plan was agreeable to the United Kingdom. We have not had any talk with the Dominions. I don't know whether it was or not, but I gathered from the discussion that it was.

MR. WHITE: And, Dean, we have not had an opportunity to discuss the modifications which arose out of this morning's discussion with the Army, who seemed to be both so interested and adamant with it; so that any alteration in the program as we had it as we left the Army, we would need a little time to take it up again with them.

MR. ACHESON: If we could get clear this afternoon as to just what we could do, then we could go back and try to straighten this thing out with the Army.

LORD KEYNES: Mr. Secretary, this is a proposal that if the American Army wants - to make it particular - wants meat in areas beyond which the Dominions give reciprocal Lend-Lease, the United Kingdom should pay for the meat for the United States Army.

At present the Dominion of Australia has agreed to give Reverse Lend-Lease in territories under Australian control. We have never interpreted that strictly, and of course the American Army is rather further afield, and the Australians have gone on supplying it. The Australians haven't been formally asked whether they would be prepared to extend this agreement. We believe that they will be

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prepared to; instead of saying "territories under their control," they would be prepared to say "Southwest Pacific," which would cover the Philippines, for example, but not cover Continental Asia, such as India and China. And your Army wishes to make a condition that if the Dominion takes that line, and if the American Army wants to have Australian meat for consumption in China or India, that the United Kingdom should pay for it. Why, we don't quite know.

MR. WHITE: I think it will take at least two of us to answer that, won't it?

MR. ACHESON: Go ahead, Harry.

LORD KEYNES: I think we haven't had an opportunity of consulting London over this. I think we must, but the rest of us feel that if your stuffing is absolutely full of money and all kinds of tickets, we shall do our very best to try and find some formula which meets your Army in substance while giving away as little of the principle as possible. We have already started paying for Reverse Lend-Lease for all sorts of things that don't come from the British Isles, and which we pay cash for. All of our sources of income dried up this way. It is a very dangerous principle for us, and there is no rhyme or reason in it.

But, as I say, if you attached enormous importance to this - we were, in fact, really getting it from some other lines - we should try and find a formula. But I think the formula has to be different from this.

And I think the quadrilateral letter Mr. Acheson is proposing would be very difficult, constitutionally, and what we really want to do is to make the request to the Dominions, get as far as you can on that, and then to have some letter from us to which we only are a party, saying, for example, in the case of Australia, that suppose the American Army wants meat outside stipulated areas, and if Australia is not prepared in that particular case - because Australia, I think, will be very likely prepared to

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waive the particular cases. They would never sign a blank check, but they would sign particular checks. Suppose Australia would never sign the blank check nor the particular check, then we would then foot the bill, subject to this three-months termination.

We would like to help over this; we know everybody has been hard worked, and I think this item, which is not of the first importance, has used more gray cells than anything which has been discussed. We should like to help, but it is a difficult point to put to London unless some reason could be adduced why we should do this.

MR. WHITE: Is it your suggestion, Lord Keynes, that the arrangement be made with the Dominions to see how far they will go, and then some suitable papers will be passed so that your government will take care of what the Dominions do not take care of?

LORD KEYNES: That would be my suggestion. We had been preparing to go further than that; that is to say, we would be prepared to sign this further undertaking before it was known for certain what the Dominions would do. So you needn't be held up and more time could be taken over that. I think Australia might be prepared to give a fairly quick reply. My guess is that New Zealand and India would not give such a quick reply. Therefore, we might save time in getting it all sewed up if we--

MR. WHITE: On that basis, I think I would proceed.

LORD KEYNES: But I think this must be referred to London. As I say, I wish you would help me with an argument I could produce to them.

MR. CROWLEY: You want Mr. White and Mr. Acheson to give you an argument?

MR. WHITE: I would be very happy if he didn't know all the arguments. But possibly that might be the quickest way to proceed, might it not - to undertake immediate discussions with the Dominions and with India - see what

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arrangements can be made with them, and quickly, and suggest the sort of paper that might be obtained in the next few days from the British to take care of the principle.

Dean, what do you think?

MR. ACHESON: I think that is probably the only way to do. I think if we get too much mixed up in constitutional principles here, so we all have to talk about these things separately, it is just going to take two or three days.

LORD KEYNES: We can't speak for the Dominions. You have separate agreements.

MR. ACHESON: There is no constitutional principle which prevents three independent nations from signing the same paper.

LORD KEYNES: Except they haven't at present identical agreements.

MR. ACHESON: They don't have to have. All that has occurred now is that there is a somewhat irrational - this whole business is a combination of irrationalities, but there is an irrational view on the part of some of the Dominions that while they are perfectly willing to give "X" dollars in Reverse Lend-Lease if it is consumed in their own territory, they won't give "X" dollars if the same troops are moved somewhere else. Now, that is the problem which bothers the Army.

LORD KEYNES: Of course, this is not in terms of "X" dollars, at present; it is from their point of view a completely blank check.

MR. ACHESON: Our suggestion was in terms of "X" dollars.

LORD KEYNES: But that the total demand on ourselves was not in "X" dollars.

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MR. WHITE: The three-months provision would take care of that.

LORD KEYNES: If you limit it, I think that would be of very much help.

MR. WHITE: Well, it is limited so far as the Dominions - the Australian Government, for example - is concerned, because they are limited to the total value. The protection that your government would have would be the three-months provision clause.

MR. ACHESON: You see, all of this has no practical importance at all, because the thing is limited by the supplies which are available in these three places, which are very small and everybody knows what they are.

LORD KEYNES: If it was limited to meat - you see, this is in perfectly general terms. If you could narrow it - this paper related only to Australia, and we were thinking only in terms of Australia. A few minutes ago you spoke of New Zealand and India, also.

MR. ACHESON: It is the same problem. Now, New Zealand hasn't raised any difficulty about it. New Zealand says it makes no difference whether the American forces are in New Zealand or China or India, or where they are.

LORD KEYNES: If we could limit this to meat, I believe we could fairly easily arrive at something.

MR. WHITE: It would be impossible to limit it to meat in the light of the number of discussions, of which you are cognizant.

LORD KEYNES: The Army won't tell us what they want. It is this completely blank check.

MR. WHITE: It isn't a blank check because it has an amount written in. I don't know why you keep repeating that.

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LORD KEYNES: It has no amount.

MR. WHITE: I see, it has no amount that might be obtained within the three months. I think, going on the past basis, you can assume that we are all reasonable in those matters.

LORD KEYNES: In the three months we might be quit of all this.

MR. WHITE: It is not likely that in three months the excess would amount to such magnitude as to give rise to what you might think is an unreasonable conclusion.

MR. CROWLEY: Mr. Secretary, you might shorten that to sixty days; would that help?

LORD KEYNES: Yes.

MR. COX: Limit the amount and say in the three-months period it shall not be more than a quarter of the '44 base, which would limit it by amount as well as by time.

MR. WHITE: I think they are reluctant to put any top on it, and I think the two months might be equally effective.

LORD KEYNES: We want to help, but I want to find some plausible way to put this to London.

MR. WHITE: I don't think it is a real problem. It is a question of meeting certain demands in a reasonable way.

H.M.JR: Let's go back at the Army once more. I think they are a little unreasonable on this, and see if we can't either get sixty days or one-third of the maximum of '44.

LORD KEYNES: I think that would help very much.

H.M.JR: We will go back at them.

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MR. WHITE: I think the only item left, Mr. Secretary, is Number 5, and that can be postponed until early next week, and would not be a matter which needs to be discussed at this time.

There is really nothing left except adjournment.

LORD KEYNES: Is Item 1 ready? I haven't seen it.

MR. CROWLEY: We would like to study that a little bit for a few days.

MR. WHITE: So, unless there is something they wish to bring up, that is all we have.

H.M.JR: Is there something you gentlemen would like to bring up?

LORD KEYNES: Nothing.

H.M.JR: Anybody? (No response)

Well, then, as I understand it, we will meet with you gentlemen again at ten o'clock Wednesday morning.

MR. SMITH: That is correct.

MR. CROWLEY: That is right.

MR. WHITE: And there is still some continuing work which the subcommittee will go forward with.

H.M.JR: When are we going to meet?

MR. WHITE: Tuesday afternoon. How about three o'clock?

MR. CROWLEY: All right.

H.M.JR: Unless there is something else, then, we will adjourn.

THIRD DRAFT
11/17/44TOP SECRETUse of Lend-Lease Articles and Commercial PolicyA. Effective Date

The date of initiation of the principles stated below will be January 1, 1945. The United Kingdom reaffirms its intention, however, to devote its resources to the full prosecution of the war against both Germany and Japan, and to undertake no general reconversion of industry or expansion of exports before V-E Day.

B. Restrictions on Use of Lend-Lease Articles

1. No Lend-Lease articles delivered to the United Kingdom, or items identical thereto, or items fully substitutable therefor, will be exported in commerce except as provided in paragraph 3 below. This restriction will not apply to those types of articles which are provided in substantially equal values under both the Lend-Lease and the Mutual Aid programs, nor to exports of items identical to items which are components of, or accessories to articles delivered on Lend-Lease terms, nor to exports of articles containing as components or accessories items identical to those delivered on Lend-Lease terms.
2. Stocks held in the United Kingdom of Lend-Lease articles of types which will no longer be supplied after December 31, 1944 will be set aside for military use or the production of articles for such use.
3. The United Kingdom will not in any calendar year use raw materials, received from the United States on Lend-Lease terms and drawn from Lend-Lease stocks of such materials held in the United Kingdom, in total amounts greater than those which are required in such period for military production and for essential civilian war purposes in the United Kingdom.
4. No articles supplied to the United Kingdom on Lend-Lease terms for use by the armed forces will be diverted to civilian use.

5. The provisions of the foregoing paragraphs may be waived only with the consent of the United States.

C. Payment for Articles Taken off Lend-Lease

The United Kingdom will in general pay cash for required articles no longer supplied on Lend-Lease terms but delivered after December 31, 1944, and will meet cancellation charges on undelivered articles requisitioned on Lend-Lease terms but not required, in accordance with the proposals set out in the attached Annex.

D. United States Commercial Exports to the Sterling Area

The United Kingdom agrees that the sterling area dollar pool and Empire import controls should be administered with a view to increasing the freedom of importers' choices, with particular reference to reducing wartime obstacles to the access of United States exporters to their traditional export markets. The United Kingdom will undertake all steps within its power to achieve these objectives, and will endeavor to assure the provision of dollar exchange for cases mutually agreed to be particularly troublesome. The United States and the United Kingdom will both endeavor to assure to the extent practicable that neither United States nor United Kingdom exporters receive undue competitive advantage over the other as a result of the war situation.

ANNEXTerminal Date Arrangements for Handling Non-munitions
Items of Types Which Involve United Kingdom
Export Problems1. Goods which the United Kingdom does 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 material for which the supplier has requested instructions for forwarding, or, in the absence of such request, material which the United States Procurement Agency concerned determines to be available for forwarding by the 1st January, 1945 -- will 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 the 1st January, 1945, have not reached the point of being available for forwarding in the sense of the foregoing paragraph will fall outside the scope of (a) and (b) above, and will be treated as follows:-

1. With respect to goods covered by approved Lend-Lease requisitions filed on or after October 1, 1944, cancellation charges, if any, will be paid by the United Kingdom, or the goods will be taken and paid for by the United Kingdom.
- ii. With respect to goods covered by Lend-Lease requisitions filed before October 1, 1944, cancellation charges, if any, will be charged to the United Kingdom Lend-Lease account in accordance with usual practice.

2. Goods taken off Lend-Lease but of which the United Kingdom will need supplies in 1945.

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

TOP SECRETDRAFT
November 17, 1944

CHAPTER 3 ITEMS

The United States group accepts the Chapter 3 and supplementary items listed below, subject to the qualifications which are stated on the attached page and to the general conditions which are being agreed for the non-munitions programs.

The other Chapter 3 items are deferred for further investigation and consideration.

(Figures in \$ millions)

<u>Item</u>	<u>Requested</u>	<u>Reductions</u>	<u>Accepted (subject to conditions as stated)</u>
1. Dollar expenditures relating to oil			
For 1945: crude, and oil-field expenses	76	54	22
For 1944: crude, and oil-field expenses	16	0	16
2. Ocean freights on non-Lend-Lease Government cargoes	25	0	25
3. Food program: possible additions	30.5	2	28.5
4. Repair, equipment and replacement of bomb-damaged homes			
Equipment	10	0	10
Emergency housing	45-72	(-5) -22	50
5. Take-outs of capital facilities	38	0	38
6. Rubber (pre Reciprocal Aid)	11.8	0	11.8
7. Suez Canal Dues	<u>1.3</u>	<u>0</u>	<u>1.3</u>
TOTALS	263.6- 287.6	51-73	202.5

3. Additional Conditions with Respect to:

a. Dollar expenditures relating to oil

The request is accepted only for (1) that part of the crude oil which is purchased in 1945 for dollars from American companies in Venezuela and Saudi Arabia and which is used in refined form for war and essential lend-leaseable purposes in the British Empire or supplied to the U. S. on Reciprocal Aid; and (2) that part of the crude oil similarly purchased and used in 1944 subsequent to the date when such oil was made available to the U. S. on Reciprocal Aid. The preliminary figures given in the tabulation above may therefore prove, on detailed examination, to be too high.

b. Ocean freight on non-Lend-Lease government cargoes

Accepted only for food and items for direct military use when carried in American bottoms from U. S., Canadian or Caribbean ports. The preliminary figure given in the tabulation above may prove, on detailed examination, to be too high.

c. Additions to food program

Accepted in principle except that essential oils, chewing gum base, and hops for beverage use are disapproved, and that certain other items may prove undesirable to provide on Lend-Lease. Freight charges covered in other programs.

d. Repair, equipment and replacement of bomb-damaged houses

Miscellaneous equipment: accepted in principle, subject to review of specific programs when presented. Emergency housing: accepted in principle if of emergency type.

e. Take-outs of capital facilities

Accepted in principle, subject to review of arrangements previously made, valuation of the facilities, and availability of funds.

f. Rubber (pre-Reciprocal Aid)

No comment.

g. Suez Canal dues

No Comment.

TOP SECRETDRAFT
November 17, 1944

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No Comment.

AGENDA

Combined Committee on Mutual Lend-Lease Aid
Between the United States and the United Kingdom
November 17, 1944
4:00 P.M.

1. Status of Non-Munitions Programs
 - a.) Covering Document
2. Military Reciprocal Aid
3. Export Principles
4. Chapter III Items
5. Form of Overall Document

November 16, 1944

Dear Mr. Secretary:

As required by the common interest, the Australian Government will accept requests from the United States for reverse lend lease aid, for military needs, without geographical limitation, subject to the following conditions and comments:

1. It is understood that the furnishing of the supplies and services will depend, as heretofore, upon their availability and their allocation by the appropriate authorities in the light of the relevant needs of all the claimants at the time.
2. The Australian Government will undertake to furnish and finance reverse lend-lease aid in the total value, and in the value to be furnished and financed in any particular category, equal to the values supplied in 1944.
3. In the event that changes in war conditions necessitate an increase in the over-all value of reverse lend-lease aid to be furnished or in the value of aid to be furnished in any particular category as compared to the amount supplied in 1944 the financing of excess will be guaranteed by the U.K. Government. The arrangement provided in this paragraph may be reconsidered at any time upon notice of any of the parties but shall continue in effect for 3 months after request for such reconsideration.

manuscript A

AGENDA

Combined Committee on Mutual Lend-Lease Aid
Between the United States and the United Kingdom
November 17, 1944
4:00 P.M.

- 1. Status of Non-Munitions Programs
 - a.) Covering Document
- 2. Military Reciprocal Aid
- 3. Export Principles
- 4. Chapter III Items
- 5. Form of Overall Document

Mr. [unclear] [unclear]
Mr. [unclear] [unclear]
Mr. [unclear] [unclear]

TOP SECRETCOPY NO. 38C.G.L.L.(44) 7th MeetingCOMBINED COMMITTEE ON MUTUAL LEND-LEASE AID
BETWEEN THE U.S. AND U.K.

MINUTES of a meeting held in Mr. Morgenthau 's Room at the
U.S. Treasury on the 17th November, 1944 at
4:00 P.M.

P R E S E N T

Mr. Morgenthau (In the Chair)

U.S. Representatives

Mr. Dean Acheson
Mr. Collado
Mr. Fetter

Dr. White
Mr. Casaday

Mr. Crowley
Mr. Currie
Mr. Cox
Mr. Griffin

Mr. Davidson
Mr. Angell
Mr. Havlik
Mr. Appel

Mr. Eaton

U.K. Representatives

Lord Halifax
Mr. Ben Smith
Lord Keynes
Mr. Brand
Sir Robert Sinclair
Sir Henry Self
Mr. Opie
Sir C. Hambro
Mr. Helmore
Mr. Maclay
Mr. Hutton
Mr. Penson
Mr. Bridgeman
Mr. Snelling
Mr. Stevens
Mr. Goschen

Mr. Lee) Joint Secretaries
Mr. Coe)

1. EXPORT PRINCIPLES(a) Agreed Statement of Principles.

MR. ACHESON, at the request of the Chairman, summarised the position on this question. He said that discussions had been proceeding at the Sub-Committee level in regard to a document setting out the new arrangements to be adopted. (Annex "A" to these Minutes.) As a result of those discussions there was agreement at the Sub-Committee level on Sections A, B and C of the document: he understood, however, that as regards Section D the U.K. representatives, while willing to accept the last sentence, were not prepared to agree to the inclusion in the agreed document of the first two sentences of that Section.

LORD KEYNES confirmed Mr. Acheson's statement as regards the attitude of the British representatives in regard to the first two sentences of Section D. He then proceeded to make a considered statement on this point, which is attached as Annex "B" to these Minutes.

MR. CURRIE said that Lord Keynes's statement was one which was welcome and reassuring to the U.S. group. The U.S. representatives had previously thought that it would be appropriate to include in the statement on export principles, a passage on the lines of Section D,

to make it clear that the British would not use exchange control as a means of obtaining trade advantages for the United Kingdom in the rest of the sterling area to the detriment of U. S. exporters. It had also been the hope of the U.S. representatives that it would be found possible to agree to make available some moderate increase of dollar purchasing power in certain parts of the sterling area, particularly in those countries which were likely to have a surplus of dollars on their own account. In view, however, of the statement which Lord Keynes had made and of his offer to incorporate this in a letter, the U.S. group were prepared to agree that the first two sentences of Section D could be omitted from the agreed document.

LORD KEYNES asked whether he was right in assuming that the U.S. group attached importance to the retention of the last sentence of Section D. MR. ACHESON said that this was so, particularly as a sentence in similar terms had been included in all the drafts which had been prepared during the abortive discussions for the replacement of the Export White Paper. LORD KEYNES said that in deference to the wishes of the U.S. representative the U.K. group would be prepared to agree to the retention of the sentence in question, but it would be clearly desirable to amend both the general heading of the paper (i.e. to omit the reference to "Commercial Policy") and also to amend the sub-heading of Section D. There was general agreement that these changes should be made.

LORD KEYNES said that he had one further drafting amendment to suggest in the first sentence of B(1), where, he suggested, it would be more appropriate to omit the reference to paragraph 3 and to make the sentence finish with the words "except as provided below". It was agreed that this amendment should be incorporated.

(b) Administrative procedure under Section B(5) of agreed Principles.

LORD KEYNES said that he thought that it was desirable that there should be an understanding between the two groups as to the procedure which should be followed in implementing the principle laid down in Section B(5) of the agreed document. The thought of the U.K. group on this subject was that the most feasible way of tackling the matter would be for there to be an examination in London of the U.K. Lend-Lease programmes, to be conducted jointly by representatives of F.E.A. and of the Board of Trade with a view to deciding what items in that program were likely to be "difficult" in the sense that the U.K. would probably be planning to export identical articles. In the case of an article not so fully substitutable that the criterion of identical need be pressed, or where the amounts involved were insignificant, either on the Lend-Lease or on the export side, it would be hoped that the representative of F.E.A. would agree to exercise the waiver clause. Other cases which were clearly identical and also of significant amount, would be removed from Lend-Lease and we should pay cash. Obviously, however, it would be desirable that the lists should be looked at in a broad and reasonable spirit.

There was considerable discussion on this subject. The U.S. representatives said that while they were not able to commit themselves at the present juncture to any particular form of procedure, they were confident that there was no difference of principle between the two groups. Thus the U.S. group readily agreed that it would be of importance to arrive at a procedure which obviated the need for any scrutiny of individual exports.

What was needed was a procedure which would enable broad decisions to be made from time to time in regard to certain categories of goods which were likely to be vulnerable from the export standpoint and which might therefore have to be taken off Lend-Lease, if the U.K. was likely to export appreciable quantities of identical goods. If only trifling exports of identical goods were likely to be involved, the Lend-Lease programmes need not be affected. LORD KEYNES said that the U.K. group were glad to note that there was general agreement in principle on this matter. They would be prepared to have further discussions with the U.S. group with a view to working out a more detailed procedure. The Board of Trade would certainly wish to know how it was contemplated that the procedure under the new arrangements would be operated.

(c) Proposed Public Statement by President of the Board of Trade.

LORD KEYNES said that when Parliament reassembled on the 29th November, it would be essential that the President of the Board of Trade should make a public announcement disclosing the revised arrangements as agreed with the U.S. group. He had that afternoon received a telegram from the Chancellor of the Exchequer and other Ministers, urging the importance of this. Accordingly the U.K. group had communicated to certain members of the U.S. group a draft of such a statement, and he hoped that it would be possible to obtain the concurrence of the U.S. group in that draft during the course of the 18th November.

MR. MORGENTHAU and MR. CROWLEY said that this was a matter of great delicacy. The U.S. group had not had an opportunity of making any report on the discussions to the President, and pending the submission of such a report it would be impossible for them to commit themselves to anything in the nature of a public statement. It would be appreciated that although the question of export principles was only one of the subjects which had been under discussion, it was one which the U.S. group would probably find the hardest of all to handle. They felt that the U.S. group could not commit themselves at present to concurrence in the proposed statement, although they might be able to do so by, say the 22nd November.

2. PROPOSALS IN CHAPTER 3 OF U.K. CASE.

The U.S. group circulated a note (attached as Annex "C" to the Minutes) indicating the outcome of their consideration to date of the proposals in Chapter 3 of the U.K. case. MR. CURRIE said that the U.S. group might wish to revise or review these accepted items, and that these items, like the whole programme, were recommendations to the President.

MR. CURRIE said that it was recognised that in so far as the statement included provision in respect of materials, etc., for temporary housing (to the extent of \$60 millions) it did not provide cash relief for U.K. dollar resources. Thus the net figure for such relief would be \$140 millions. DR. WHITE pointed out that the U.S. Treasury had not been able to check the figure in respect of production "take-outs" (\$38 millions) and they could not say whether that would be shown to be reasonable. MR. PENSON said that while the figure would have to be examined further the estimate was a comparatively recent one and, he thought, would be found to be accurate.

LORD KEYNES asked what procedure was proposed as regards the further consideration of the large outstanding items (e.g. the proposal for the restoration of sugar and tobacco to the

Lend-Lease list and the claim in respect of aircraft diverted to the United States). MR. MORGENTHAU said that as regards the aircraft claim, full discussions had taken place on the U.S. side with representatives of the War Department and the question had been considered from every angle. The conclusion had been reached that there was no way of reopening this matter except upon the basis of going to Congress and asking for a new appropriation. The U.S. group was opposed to reopening this item by way of asking for additional appropriations. The conclusion was therefore that this particular claim could not be met. As regards the proposals concerning tobacco and sugar, the position was that if the U.S. side were asked for immediate decision, they would have to refuse the U.K. request. He hoped that it would be possible to hold over further consideration of these items.

3. RECIPROCAL AID FROM THE DOMINIONS

MR. ACHESON recapitulated briefly the request which had been put forward by the War Department on this subject. This had resulted in the inclusion of recommendations in the combined agreements on the U.K. Ground Army and Air and Fleet Air Arm requirements which the U.K. representatives had been unable to accept. In the hope of resolving the matter the U.S. representatives had prepared the draft of a note, which, they suggested would, in effect, be endorsed in each case by the three parties concerned--i.e. the U.S., the U.K. and the Government of Australia, New Zealand or India as the case might be. Broadly speaking the object of the communication would be to place on record the fact that the Dominion Government concerned would agree to furnish Reciprocal Aid without geographical limitations, subject always to availability and allocation of supplies, on the understanding that the value of Reciprocal Aid to be so furnished would not exceed the value given in 1944, with the proviso that if it were necessary for the U.S. to ask for Reciprocal Aid in any given case above that value; this would be furnished at the expense of the United Kingdom. It would, however, be open for the United Kingdom to ask for the arrangement to be reconsidered at any time upon giving three months notice.

LORD KEYNES said that he still found it difficult to be clear as to the exact difficulty apprehended by the War Department. As far as he knew the U.S. Administration had still not made any definite request to the Dominion Governments concerned or to the Government of India that they should extend the geographical limits within which Reciprocal Aid was given. Thus it could not be said that the Governments concerned would be unwilling to give sympathetic consideration to such a request if it were put forward. Nevertheless it might be that they would feel some hesitation in the matter. Even so, however, it was not clear why, if those Governments were reluctant to give the full measure of Reciprocal Aid for which the U.S. asked, the U.K. Government should be expected to step into the breach and to bear the financial burden. At the same time he was not unwilling to consider some way in which the United Kingdom Government could help to resolve this difficulty. But if assistance from the United Kingdom Government were involved, it would be essential for him to refer to London before he could agree to any arrangement: if it were desired that he should approach London in the matter, he would be grateful if the U.S. side could furnish him with an argument as to why the U.K. should be expected to bear a measure of financial responsibility in this field. He pointed out that under the proposed U.S. procedure, as he understood it, there would be no limit on the liabilities which the U.K. might be called upon to pursue.

The U.S. representatives undertook to consider whether they would not make a direct approach to the Governments of Australia, New Zealand and India in this matter. It was recognised, however, that procedure on such lines might involve delay and it was pointed out that some statement by the U.K. might therefore still be necessary. The U.S. group agreed to consult further with the

War Department as to what form of statement might be requested from the U.K. Government. In particular they undertook to consider a suggestion put forward by Mr. Cox to the effect that the contingent liability falling upon the U.K. Government might be limited by reducing the period within which the U.K. Government could give notice of termination of the general arrangement and by stipulating that any financial liability falling upon the United Kingdom should be limited by reference to a base period in 1944.

4. ARRANGEMENTS FOR FUTURE MEETINGS

MR. CROWLEY said that the U.S. group had been working under great pressure and he urged therefore that more time should be given for the study of some of the documents which had been prepared before these were finally submitted to the Main Committee. He instanced, in particular, the draft letter concerning the non-munition programmes which he himself had only just seen.

It was agreed that the next meeting of the Main Committee should take place at 10 a.m. on the 22nd November, although there might well be meetings at the Sub-Committee level in the interval.

ANNEX ATHIRD DRAFT
11/17/44TOP SECRETUse of Lend-Lease Articles and Commercial PolicyA. Effective Date

The date of initiation of the principles stated below will be January 1, 1945. The United Kingdom reaffirms its intention, however, to devote its resources to the full prosecution of the war against both Germany and Japan, and to undertake no general reconversion of industry or expansion of exports before V-E Day.

B. Restrictions on Use of Lend-Lease Articles

1. No Lend-Lease articles delivered to the United Kingdom, or items identical thereto, or items fully substitutable therefor, will be exported in commerce except as provided in paragraph 3 below. This restriction will not apply to those types of articles which are provided in substantially equal values under both the Lend-Lease and the Mutual Aid programs, nor to exports of items identical to items which are components of, or accessories to articles delivered on Lend-Lease terms, nor to exports of articles containing as components or accessories items identical to those delivered on Lend-Lease terms.
2. Stocks held in the United Kingdom of Lend-Lease articles of types which will no longer be supplied after December 31, 1944 will be set aside for military use or the production of articles for such use.
3. The United Kingdom will not in any calendar year use raw materials, received from the United States on Lend-Lease terms and drawn from Lend-Lease stocks of such materials held in the United Kingdom, in total amounts greater than those which are required in such period for military production and for essential civilian war purposes in the United Kingdom,
4. No articles supplied to the United Kingdom on Lend-Lease terms for use by the armed forces will be diverted to civilian use.

5. The provisions of the foregoing paragraphs may be waived only with the consent of the United States.

C. Payment for Articles Taken off Lend-Lease

The United Kingdom will in general pay cash for required articles no longer supplied on Lend-Lease terms but delivered after December 31, 1944, and will meet cancellation charges on undelivered articles requisitioned on Lend-Lease terms but not required, in accordance with the proposals set out in the attached Annex.

D. United States Commercial Exports to the Sterling Area

The United Kingdom agrees that the sterling area dollar pool and Empire import controls should be administered with a view to increasing the freedom of importers' choices, with particular reference to reducing wartime obstacles to the access of United States exporters to their traditional export markets. The United Kingdom will undertake all steps within its power to achieve these objectives, and will endeavor to assure the provision of dollar exchange for cases mutually agreed to be particularly troublesome. The United States and the United Kingdom will both endeavor to assure to the extent practicable that neither United States nor United Kingdom exporters receive undue competitive advantage over the other as a result of the war situation.

ANNEXTerminal Date Arrangements for Handling Non-munitions
Items of Types Which Involve United Kingdom
Export Problems1. Goods which the United Kingdom does 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 material for which the supplier has requested instructions for forwarding, or, in the absence of such request, material which the United States Procurement Agency concerned determines to be available for forwarding by the 1st January, 1945 -- will 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 the 1st January, 1945, have not reached the point of being available for forwarding in the sense of the foregoing paragraph will fall outside the scope of (a) and (b) above, and will be treated as follows:-

- i. With respect to goods covered by approved Lend-Lease requisitions filed on or after October 1, 1944, cancellation charges, if any, will be paid by the United Kingdom, or the goods will be taken and paid for by the United Kingdom.
- ii. With respect to goods covered by Lend-Lease requisitions filed before October 1, 1944, cancellation charges, if any, will be charged to the United Kingdom Lend-Lease account in accordance with usual practice.

2. Goods taken off Lend-Lease but of which the United Kingdom will need supplies in 1945.

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

ANNEX B

Statement by Lord Keynes

The subject of Section D is an entirely separate and very difficult matter which we cannot hope to embark upon with success at this late stage of our proceedings. I hope, therefore, that this Section, apart from the last sentence, can be omitted from this paper. Nevertheless, I should like to do my best to meet the points which this Section raises.

As shown in our Main Statement, we do not at present anticipate that any significant surplus of dollars is likely to accrue to the Sterling Area dollar pool during 1945 after meeting essential needs. But I can certainly affirm without qualification that any supply of dollars which may accrue to the pool in the coming year will be administered, in so far as it depends on London, so as to allow as much freedom as possible to importers' choice, and so as to provide as good a solution as possible for particularly difficult cases. We are in fact engaged at this very time in considering along what lines the Sterling Area system can gradually evolve to meet changing circumstances in the fairest and most convenient manner to all concerned. As it happens, we have just concluded some conversations with Mr. Landis in relation to one of the most troublesome spots in this context, namely, Egypt, and have reached, I understand, a satisfactory understanding. We shall hope for the same opportunity of discussion and for the same success in other cases. None can be more anxious than the British Exchange Control to operate this difficult system which circumstances have forced upon us so as to cause the least possible friction.

The basic trouble is, of course, the shortage of dollars in many parts of the world. That is something which perhaps you can remedy, but which we, of our own motion, certainly cannot. We can only promise, so far as it depends on us, to administer any dollars which accrue fairly and to the best mutual advantage, and above all, not to use this shortage as an excuse or as a cover to obtain trade advantages for the

United Kingdom in the rest of the Sterling Area, by seeking to exclude particular applicants for import licences from a reasonable share in the limited allocation of exchange. I have no need to refer back to London to give you that assurance. Import licences and exchange control on current transactions are for us undesired contrivances forced on us by circumstances and operated, not with a view to obtaining special or unfair advantages, but as the only means open to us to avoid chaotic conditions and an insufficiency of resources for essential purposes.

Perhaps I may take this opportunity to express a hope that at the earliest convenient opportunity purchases of raw materials from the Sterling Area will be returned to private channels of purchase so as to restore this source of earning power. A contributory cause of the difficulties under discussion is that the wide extension of Reciprocal Aid has removed a part of the normal earning power remaining to the Sterling Area after allowing for losses of trade through enemy occupation, shipping shortages, and the like. We believe that Reciprocal Aid has done so much to foster a sense of common effort and mutual dependence that there will be no move on our side to curtail it. Nevertheless, neither of our Groups must overlook the fact, as we gradually approach more normal conditions, that any curtailment of the dollar earning power of the rest of the world inevitably aggravates the problem of finding the dollars to finance that large volume of American exports which the rest of the world, including ourselves not least, would like to buy, if we could pay for them.

In expressing my appreciation of the arrangements outlined in the rest of the paper, I should like to emphasise what perhaps needs no emphasis, that we in the United Kingdom seek exports only as a means of paying for the imports which we greatly desire. It is a truism and not a paradox to say that any means which can be adopted for the recovery of British exports is by the same token a means for the expansion of American exports. We want, Mr. Secretary, not only to acquire

American goods, but also to pay for them. The recovery of our export trade, now and hereafter, is our only possible means of doing so.

I should be very happy, Mr. Secretary, to embody the substance of this statement in a letter, if that would meet your wishes.

17th November 1944.

TOP SECRETANNEX C

CHAPTER 3 ITEMS

The United States group accepts the Chapter 3 and supplementary items listed below, subject to the qualifications which are stated on the attached page and to the general conditions which are being agreed for the non-munitions programs.

The other Chapter 3 items are deferred for further investigation and consideration.

(Figures in \$ millions)

<u>Item</u>	<u>Requested</u>	<u>Reductions</u>	<u>Accepted (subject to conditions as stated)</u>
1. Dollar expenditures relating to oil			
For 1945: crude, and oil-field expenses	76	54	22
For 1944: crude, and oil-field expenses	16	0	16
2. Ocean freights on non-Lend-Lease Government cargoes	25	0	25
3. Food program: possible additions	30.5	2	28.5
4. Repair, equipment and replacement of bomb-damaged homes			
Equipment	10	0	10
Emergency housing	45-72	(-5) -22	50
5. Take-outs of capital facilities	38	0	38
6. Rubber (pre Reciprocal Aid)	11.8	0	11.8
7. Suez Canal Dues	<u>1.3</u>	<u>0</u>	<u>1.3</u>
TOTALS	263.6- 287.6	51-73	202.6

3. Additional Conditions with Respect to:a. Dollar expenditures relating to oil

The request is accepted only for (1) that part of the crude oil which is purchased in 1945 for dollars from American companies in Venezuela and Saudi Arabia and which is used in refined form for war and essential lend-leaseable purposes in the British Empire or supplied to the U.S. on Reciprocal Aid; and (2) that part of the crude oil similarly purchased and used in 1944 subsequent to the date when such oil was made available to the U.S. on Reciprocal Aid. The preliminary figures given in the tabulation above may therefore prove, on detailed examination, to be too high.

b. Ocean freight on non-Lend-Lease government cargoes

Accepted only for food and items for direct military use when carried in American bottoms from U.S., Canadian or Caribbean ports. The preliminary figure given in the tabulation above may prove, on detailed examination, to be too high.

c. Additions to food program

Accepted in principle except that essential oils, chewing gum base, and hops for beverage use are disapproved, and that certain other items may prove undesirable to provide on Lend-Lease. Freight charges covered in other programs.

d. Repair, equipment and replacement of bomb-damaged houses

Miscellaneous equipment: accepted in principle, subject to review of specific programs when presented. Emergency housing: accepted in principle if of emergency type.

e. Take-outs of capital facilities

Accepted in principle, subject to review of arrangements previously made, valuation of the facilities, and availability of funds.

f. Rubber (pre-Reciprocal Aid)

No comment.

g. Suez Canal dues

No comment.

TOP SECRET
WAR DEPARTMENT
WASHINGTON

Copy to White - 2
11/18/44 - 97

November 17, 1944.

The Honorable,

The Secretary of the Treasury.

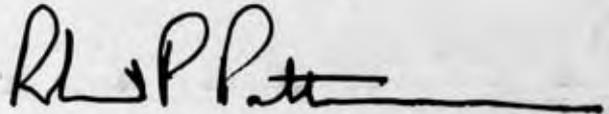
Dear Mr. Secretary:

The document entitled "Lend-Lease in Stage II - Additional Items for India" dated 10 November 1944, has been examined by the War Department.

Our views concerning the items listed in that document coincide with those expressed in the letter of 11 November 1944, and the memorandum of 1 November 1944 in which we commented on similar lists of items.

Permit me to restate our opinion that the furnishing of those items in short supply, included in the various lists of food, raw materials and civilian goods stated to be needed by the British Dominions during the first year of Stage II (U. S. Period I), will aggravate the present shortage and will intensify the conflict between military and civilian demands, thereby endangering the fulfillment of military programs.

Sincerely yours,



ROBERT P. PATTERSON
Under Secretary of War.



TOP SECRET

November 17, 1944
6:02 p.m.

HMJr: Hello.

Ted
Gamble: Hello, Mr. Secretary.

HMJr: What about if they ask me in Chicago for copies
of my speech?

G: Little will have all the copies there.

HMJr: Oh, he has copies?

G: Oh, yes. He -- as a matter of fact, Mr. Secretary,
we're not releasing the speech any place but in
Chicago.

HMJr: Oh.

G: We're going to handle the whole release there.

HMJr: When are you releasing it there?

G: From there tomorrow.

HMJr: I see.

G: And that's all been arranged and the -- we're
even going to teletype it from there.

HMJr: I see.

G: What we didn't want to happen was this: we've
made a deal with the Press Associations to send
the speech out in toto.

HMJr: Yes.

G: We didn't want people to get bits of it

HMJr: Yes.

G: and use that instead.

HMJr: Yes.

G: That's what we did on these regional conferences
and we were very successful.

HMJr: All right. You release it there?

G: Yes, sir.

HMJr: Right.

G: And we're not -- it's not going to be released in half a dozen places so that one wire office here in Washington gets a chance to cut it up.

HMJr: All right. I thank you.

G: All right, sir.

HMJr: Bye.

G: Bye.

100

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE November 17,
1944

TO: Secretary Morgenthau
FROM: Ted R. Gamble

Mr. George Little, who handled the release of all your press material in conjunction with the Regional Conferences, will be in Chicago at our Illinois headquarters (105 West Adams Street, phone: State 2940), and will be very happy to set up a press conference for you, if you would like to have one during the day on Saturday. Mr. Little is working with all of the press associations, and the complete coverage of your speech has been arranged with the release to come from Chicago.

Mr. Renslow Sherer, our Chairman in Illinois, will be at your service and will be standing by in the morning awaiting a call from you, when you're ready to see him and talk about your day's schedule. He will be responsible for bringing you together with Admiral King for your inspection tour, and, also, will be the man to whom you can give your decision with regard to whether or not you feel you can stay long enough for the Bob Hope show. We have prepared a suggested speech for you, which is attached, in the event you decide to make this appearance.

Even though you do not go on the broadcast, which I personally think you should, it would be a nice thing to appear at the meeting before the broadcast to greet the War Bond workers who will be assembled to hear the show. The program has been arranged to precede the broadcast, in the event you decide to do this.

I have an additional man available in Chicago, Mr. Ned Shugrue, to handle any special chore you might want taken care of. He can be reached through our Illinois War Finance Committee.

I have to do a lot of things that are not as pleasant as I wish they were, but it is always a pleasure to appear on a program with Bob Hope.

There is another reason why I am happy to appear on this program tonight. It is dedicated to the United States Navy's Sixth War Loan Exhibit and anything associated with the United States Navy should be a matter of pride and satisfaction to us all.

It so happens that one of my sons is in the Navy and the other is in the Army, so I have to watch my step in what I say. I have learned from them that the rivalry between the Army and Navy is not half as serious as you might think it was from hearing them argue.

Actually, one of the most significant things about this war is the way in which all of our armed forces have worked together.

It is this wholehearted cooperation that has made it possible for us to move from the defensive to the offensive on every fighting front.

I remember talking with a young soldier who had crossed the beaches in Normandy on D-Day. After telling me all about the landing operation he summed it all up by saying, "Thank God for the Air Force and the Navy."

It is this kind of cooperation that will bring us the final victory over our enemies for which we all so earnestly work and pray. It is this kind of cooperation that has made possible the financing of the war. For when you stop to think of it, the job of raising the billions of dollars necessary to train, equip, and supply our fighting forces has required teamwork, too.

It has required teamwork of labor and management, agriculture and industry and of every man, woman, and child in the nation.

Over 85 million Americans have purchased nearly 700 million War Bonds. Every month more than 27 million workers on payroll savings plan set aside a half billion dollars for the same purpose. In addition, hundreds of millions of war savings stamps have been purchased until there is scarcely a child or an adult who does not own one or more of these symbols of security and freedom.

The kind of cooperation that has carried us through five war loans and which on the production front and the fighting front has put us on the high road to Victory - I say, this kind of cooperation will insure success for the Sixth War Loan and continue to sustain us in the months to come.

They will be months filled with news both good and bad. I think by now we know that the war is not yet won.

Much blood and treasure must yet be spent before America can be safe and the world free. There is no relaxation on the fighting front. It is not yet time for relaxation here at home.

WAR DEPARTMENT
OFFICE OF THE CHIEF OF STAFF
WASHINGTON

November 17, 1944

MEMORANDUM FOR SECRETARY OF THE TREASURY:

Rest of draft
The attached draft, your opening address for the Sixth War Loan Drive, has been read by our G-2 and General Marshall. Both concur in its release as written.

By direction of the Chief of Staff:

Frank McCarthy
FRANK McCARTHY,
Colonel, General Staff Corps,
Secretary, General Staff.

17 November 1944

MEMORANDUM FOR THE DIRECTOR, OFFICE OF WAR INFORMATION:

The Secretary of the Treasury has written a speech for use as the opening gun of the Sixth War Loan Drive. It is based largely upon information furnished him by the War Department. For your information, both the Chief of Staff and the Assistant Chief of Staff, G-2, have personally read the speech and concur in its release as written.

By direction of the Chief of Staff:

(Signed) Frank McCarthy

FRANK McCARTHY,
Colonel, General Staff Corps,
Secretary, General Staff.

COPY FOR MR. FITZGERALD

HON. HENRY MORGENTHAU, JR.

SECRETARY OF THE TREASURY

The following are expected to be present at the luncheon
at the Federal Reserve Bank - - 1 P.M. Saturday, November 18, 1944.

* * * *

C. S. YOUNG - President, Federal Reserve Bank of Chicago
R. P. SHERER - Chairman, War Finance Committee of Illinois
E. B. BARTLETT - Exec. Manager, " " "
F. M. KNIGHT - Chairman, Chicago & Cook County
6th War Loan Drive
CHARLES LUCKMAN - Chairman, Publicity Committee, Chgo. & Cook County
Hugh Davis *Asst* 6th War Loan Drive
KENNETH CARPENTER- Manager, Public Information Division
War Finance Committee of Illinois

CHICAGO BANKERS:

FRANK ELLIOTT - President, Harris Trust & Savings Bank
SOLOMON A. SMITH - President, Northern Trust Company
LAWRENCE STERN - President, American National Bank & Trust Co.

OTHER GUESTS:

BOB HOPE

RUSSELL STEWART - Managing Editor, CHICAGO TIMES
(Richard Finnegan may be able to drop in about 2 PM)
GEORGE LITTLE - Washington War Finance Division staff
Manager, Press Section
NED SHUGRUE - Washington War Finance Division staff
Manager, Special Events Division

MAJOR ALFRED MARTINI

SECRETARY'S APPEARANCES

Saturday, November 18th:

Approximately 4:00 P.M.

Secretary to accompany Admiral King on inspection tour of Navy show, Navy Pier, Chicago, Ill.

6:30 P.M. Central War Time

Broadcast with Admiral King on "Meet Your Navy" show - Blue Network

(Following the broadcast the Secretary has been invited to have dinner with Admiral Carpenter who is entertaining Admiral King - 8:15 P.M.)

9:30 P.M. Central War Time

Secretary has also been invited to take part in Bob Hope broadcast - National networks program, originating from Navy Pier, Chicago - Red Network

Sunday, November 19th:

10:00 P.M. Eastern War Time

Secretary to introduce President Roosevelt - all four networks

Monday, November 20th:

12:30 P.M.

Luncheon - small group at Metropolitan Club, Fifth Avenue and 60th Street, New York City. Mr. Frederick W. Gehle, Chairman of War Finance Committee for New York is host.

2:00 P.M.

Secretary to go to Fox Movietone Studios at 460 West 54th Street for newsreel coverage of excerpt of speech - Jack Haney will make the newsreel

7:00 P.M.

Dinner - Waldorf-Astoria Hotel

9:00 - 9:15 P.M.
Eastern War Time

Broadcast - Mutual Network

*not read
file*

MEMORANDUM FOR THE SECRETARY.

November 17, 1944.

Mail Report

With the appearance of several new side lines in this week's mail, there was more variety of subject than in recent weeks. The Presidential election prompted a number of letters, half of which offered congratulations on the victory while the other half predicted the ruin of the nation. A few of the disgruntled correspondents reported that because of their distrust of the re-elected Administration they have already cashed their entire bond holdings. On the basis of its bond-selling possibilities, residents of this section of the country joined in a small but intensive drive to enlist the help of the Treasury in having the Army-Navy game transferred to one of the larger nearby cities. Still another small drive was carried on by associations of tobacco growers and dealers that urged increased production of tobacco through lifting of present restrictions, now that the War Food Administrator has said there is sufficient food supply.

In addition to these new subjects, several old ones, that had almost lapsed, re-appeared. Now and then a writer asked for more convenient safekeeping facilities for bonds, on the grounds that the Sixth Drive would be benefited. Others wanted official comment on the report that soldiers abroad are writing their families that the purchase of bonds is only prolonging the war. Distribution of new exemption blanks - Form W-4 - has given rise to rumors of increased rates of withholding, for once again there were sharp protests that further taxes could not be borne.

To complete the usual records - this week brought 16 requests for tax refunds, 26 complaints about

- 2 -

Memorandum for the Secretary.

November 17, 1944.

delays with 15 of them from relatives of service men whose recently purchased bonds had not been received, and only 5 bonds for redemption. The half dozen opinions regarding the proposal for postwar treatment of Germany were nearly all favorable.

J. G. Forbush

General Comments

John B. Jones, Hollywood, California. Ray Tucker states that mothers and wives of men overseas voted solidly for Mr. Roosevelt, and I call your attention to the part you indirectly played in this matter. Your postwar German plan was viciously attacked by Mr. Dewey. I believe he thought he was appealing to the vote of soldiers' families, but the implication that he would endeavor to make a negotiated peace alienated millions of patriotic votes. I have talked with many people and their principal objection to your plan is that it does not go far enough. Nearly every American believes in the total destruction of Germany and Japan, although they seem to be a little vague as to details. * * * Successful conquerors of the ancient world, on finding a nationalistic, military people, always scattered such people in small groups throughout portions of the empire. My personal plan would be along this line, coupled with imprisonment and enforced labor of every member of the Nazi party, and making it incumbent on other Germans to prove their lack of sympathy with the Nazis or be evicted from Germany to selected places. I would pay them for their property in Germany and resell it to non-Germans. * * * I write because the "professionals" - writers and otherwise - give biased views, and here's one based only on observation.

John Putnam Marble, Philadelphia, Pennsylvania. I enclose U. S. Government pay check No. 13,997,268 in the amount of \$166.25 as a further contribution to this donation. Apparently this return of U. S. Government pay is considered suspicious by the Bureau of Internal Revenue, as I have been notified by them of an impending audit of my Federal Income Tax returns for the period during which I have been from time to time contributing my pay to the war effort.

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Favorable Comments on Bonds

Wallace Weiss, Scribe Troop #39, Washington, D.C.
We are very fortunate, Mr. Secretary, in this country, to have a man of your caliber in such an important position as is yours. You have certainly done a fine job in handling our financial problems. The Boy Scout Troop #39 will open this Drive on November 19th with a show. * * * We of Troop #39 are trying to raise enough money in War Bonds to pay for a Sky Hawk Armada. * * * As you probably know from your childhood, it is very hard for a youngster to be taken seriously. Therefore, we would be very grateful to you if you could publicize our plan for the Sixth War Loan. * * * The planes we intend to purchase are ones sorely needed today, since they are not combat planes. The war effort will be helped if we can truly succeed in our plan.

The following letter was addressed to the President by Mrs. Louis Weintraub, New York City, and referred to the Treasury for handling: "As a War Mother, and because I have unbounded faith and confidence in you as President and Commander-in-Chief, I am giving material evidence of such faith by backing you up and purchasing a War Bond in advance of and in addition to the 6th War Loan Drive. My daughters, believing as I do, are also enclosing their orders for bonds. Our applications and checks in payment for them are enclosed. May God keep you well and give you the strength to carry on your good work."

Unfavorable Comments on Bonds

Dayle E. Weller, The Bank of Three Oaks, Three Oaks, Michigan. I have just read with some misgivings a United Press Article carried by the Chicago Journal of Commerce, entitled "End of Easy Bond Cashing Being Studied." The tone of the article is that the Treasury is considering revocation of the plan presently in use, and it goes on to say "But to revoke the order now might hamper sale of bonds during the drive. Treasury officials will not talk about it for publication but it is quite evident, too, that they are not happy about the way some banks are handling redemption matters. Some banks have made it too easy for the owners to get the cash. Some banks openly advertise their participation in the program, with signs directing bond owners to windows where such business is transacted. The Treasury frowns on this practice." Such an attitude on the part of the Treasury, if it does exist, would constitute a very serious threat to the successful sale of E Bonds in future drives. The bonds have been sold with the understanding that they were redeemable after sixty days, and any undertaking which would alter the agreement under which the bonds were sold would constitute a breach of faith on the part of the United States Government and would inevitably raise the question of how many other agreements might be altered or amended after bonds had been purchased. * * * The statement "Some banks openly advertise their participation in the program with signs directing bond owners to windows where such business is transacted," is grossly unfair. In our own case, we have only three tellers' windows. Our volume is very heavy and we have a lot of business to transact besides handling of War Bonds. During the initial period after War Bond cashing started, we found, for example, on one Saturday morning with the lobby full of people, three individuals waiting to cash one or two bonds apiece, and the three were distributed one at each window, thus holding up all the other customers. Obviously, as a practical matter, it was necessary for us to limit these transactions to one window in order that the other two windows could be continuously available for other banking transactions. * * * We simply had to solve the problem by placing a sign at one window "War Bond Transactions at This Window Only," just the same as we have tried to get customers

- 4 -

to make their loan payments at one window. This has absolutely nothing to do with making it easier for people to cash their bonds. An unfortunate error was made by the Treasury Department in giving the program the publicity which they did give to it prior to October 1st. The article referred to above infers that a bank should undertake to "talk them out of it" if the bond owner could not give a good reason for his proposed action. We do not permit our tellers to inquire of customers the use they intend to make of funds withdrawn from deposit in our bank. The same thing applies to his cashing of war bonds. Certainly a bank, or the Treasury Department for that matter, if they were to assume judgment as to the validity or the necessity of an owner's request for redemption would only be antagonizing the customer and building a definite resistance to future purchases of bonds by that individual. It seems to me that instead of upsetting millions of people with another change in procedure, the Treasury, in cooperation with the banks, can do a very effective piece of work in stressing the advantages and the importance of owners holding their E Bonds. * * * You will agree, I am sure, that the average bank has done everything in its power to make bond sales successful and is continuing to do so, and that inferences such as the one contained in this news item is unfair and unjust.

An Educated American, Harrisburg, Pennsylvania. I have just cashed my Government Bonds for the express reason that the Dictator in the White House has been reelected. No sane American can trust a Government which is administered by Crooks, Gangsters and Thieves to say nothing of Hillman, Frankfurter and their breed. Ruin or REVOLUTION is probably in store for real AMERICANS. We are not all COMMUNISTS.

- 5 -

Anonymous - Postmarked Washington, D. C. Yes we have sons and daughters in foreign service. They have communicated directly with us and advise the more bonds we purchase the longer the war will last. That the administrative ability of the present and future, in power now, is irresponsible. To cash their bonds immediately. * * * How do you think the parents feel when their sons and daughters feel we let them down in the past election when their votes expressed their sentiment? * * * From an American citizen whose forefathers were born in America, and who believes in the traditions of their forefathers and who believes in keeping America for Americans, whatever manner it takes to make America once again.

Alexander Ross, Brooklyn, New York. I write to inform you that I feel disappointed to have my bank return my coupons of November 1, Home Owners' Loan Corporation, which I held since issued in 1935, amount of \$15,000.00, coupons \$225.00, on which I have always paid my income tax. I am a man of 72 years and cannot afford to lose this amount of money. I positively did not see or hear of any notice given about our Government redeeming these bonds. * * * My dear Sir, can I hope in the future to receive this money for the coupons? Thanking you for a reply.

Mrs. Edna Belle O'Donnell, Rockford, Illinois. * * * I have written the Claim Department at Washington time and time again, and the last time I mailed a registered (receipt) letter to the Assistant Treasurer, and no reply. On May 1st I mailed a \$25 bond to the Federal Bank of Chicago. The check was mailed to me from there all right, but was lost or stolen in the mail. Now I filled out all the necessary forms and received a letter telling me that it had been forwarded to the Claim Department. That is over three months ago and I have not received check or a single word from them. It is now seven months. I think I have waited long enough so I am appealing to you for some advice or whatever you could do to help me.

Unfavorable Comments on Taxation

Frank Thwaites, Brooklyn, New York. I am out of employment and no firms or companies will employ me because Roosevelt was re-elected for a fourth term. I did not vote for Roosevelt on Nov. 7/44 for re-election because I am an American free citizen and I do not believe in feeding and giving our American money to Europe nations while we Americans are homeless and half fed. Why? Regarding the taxes on the hard American class. We Americans are paying heavy extra taxes while Roosevelt gives this money to King George England and European countries and forgetting charity begins at home and not abroad. European countries will not repay one cent on our lease and lent program. * * * Regarding the new taxes starting January 1, 1945, if I am working and if Roosevelt allows me to do so to earn an honest living, there will be three fourths of my weekly pay taken out so Roosevelt can put it in his own pocket. If I get work at \$20.00 a week there will be \$15.00 taken out for taxes as Roosevelt wants it. I can not eat - pay rent and live descend on \$5.00 or \$20.00 a week if I get work before Jan. 1/45. The collector of internal revenue office in Bklyn., N. Y., owes me \$14.95 in refund money for tax returns from 1943 and this office refuses to send me that \$14.95 refund check as to my 1943 return income. I need that \$14.95 while I am seeking employment. Thanking you for direct and immediate attention to this letter also your co-operation in my behalf. * * *

Frank H. Fischer, Pittsburgh, Pennsylvania. I have read your descriptive folder STRAIGHT TALK about the 6th War Loan. I have willingly subscribed to each previous War Loan Drive, and in addition, purchased a bond regularly each month through payroll deduction. In order that I may give consideration to the Sixth War Loan, will you kindly let me know promptly when you intend to REFUND to me \$235.60 which I overpaid on my 1943 income tax? A prompt response shall be appreciated.

- 7 -

William Green, President, American Federation of Labor, Washington, D. C. I have had called to my attention a recent ruling of the Acting Commissioner of Internal Revenue, George J. Schoeneman, that certain types of homeworkers shall no longer be considered employees for Federal employment tax purposes. These persons are employed on work sent out from factories. As you know, organized labor has always insisted that homeworkers are employees and subject to all applicable Federal and State regulations. Homework has always been the method whereby the unscrupulous employers try to get out from under the legal regulations -- be they wages, hours, or workmen's compensation or unemployment compensation. Not only do the employees lose the benefit of the laws, but factory employers suffer from the unfair competition. I hope very much that steps can be taken to have the ruling made by Commissioner Schoeneman applied only in the circuit in which it was issued. We are urging the Social Security Board to bring up another case involving homeworkers which will get, we hope, more careful consideration by the Supreme Court. * * *

The following letter was addressed to the President by Mrs. Aline Eloise Lane, Youngstown, Ohio, and referred to the Treasury for handling: " * * * Enclosed you will find the fourth letter concerning income tax. I never bothered to answer any except the first, and I (we) did that with all our hearts -- trying to do right. The first was income tax form. My husband was in the Army - his Lieutenant filled it out at Ft. Devans, Massachusetts. Roscoe signed it and sent it to me with the amount of money required -- \$1.98. I signed it and sent it to Parkersburg, West Virginia. In June, they sent another form, just as though we hadn't sent one. I was in bed with a serious case of flu, and when I was able to go to the Post Office, the ten days of grace were up. My mind was still sick and weak. I read the form and tried to fill it out. * * I wasn't

- 8 -

hearing from my husband, and when I did, he was in England, but he had to sign the form. So I put it down -- time was up -- my husband was in England. * * * I went back to West Virginia a few weeks ago and found a third form, or statement, to send, plus a bill of \$84.41. Sir, that is more than I get for a whole month, and Mr. Roosevelt, I am not writing to them, I am writing to you. I will send them a card saying you will give them and me the answer. May God find the answer to give you to give us. * * * I haven't heard from my husband in a month; he was somewhere in France, but I am sure something is definitely wrong. I know it. That is enough to worry about, but yesterday I received another letter, so I am sending it to you. Please read it and write and tell them please quit nagging me, or come on kill me, or put me in jail, or let me commit suicide. I would have already, were it not for my baby. But I am not going to send the last little penny to Parkersburg and let my baby freeze and starve. Please tell them I don't want them to bother me any more. * * * These forms are so complicated, a well mind don't know the answers, to say nothing of a sick mind."

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE Nov. 17, 1944

TO Mrs. Klots

FROM Charles Bell 

Some months ago Mrs. Doyle made a visit to our Chicago office, and upon her return reported to the Secretary. At this time the Secretary thought it would be a good idea if she called at other field offices and made similar surveys of working conditions. She is planning to leave for the Pacific Coast offices on November 20 and perhaps he should know of this in advance of her going.

119 ✓

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signed
do to
WK Cabinet
11-17.



THE SECRETARY OF THE TREASURY
WASHINGTON

MEMORANDUM FOR THE PRESIDENT

At invitation of the State Department, the Italian Government has sent a technical mission to Washington to discuss financial questions leading up to the reconstruction of Italy.

Do you want these discussions to develop into a specific program of what the United States might do to help in the financial and economic reconstruction of Italy?



25

November 17, 1944

Dear Mr. Chen:

Your letter of November 16, together with the copy of your statement as delivered at the International Business Conference, has been received in the Secretary's office during his absence from Washington.

I know that Mr. Morgenthau will be much interested in reading this material and shall see that he has an opportunity to do so as soon as he is back at his desk.

On his behalf I want also to thank you for your comments and for your word of personal greeting. *With kindest regards.*

Sincerely,

(Signed) H. S. Klotz

H. S. Klotz,
Private Secretary

Mr. K. P. Chen
630 Fifth Avenue
New York 20, New York

GEF:mn

6. 122
HS/LS/PJ

KWANG PU CHEN
680 FIFTH AVENUE
NEW YORK 20, N. Y.

November 16, 1944

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

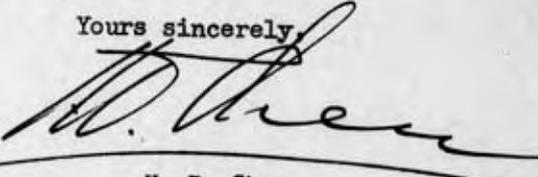
Dear Mr. Morgenthau:

I am enclosing for your perusal a copy of my statement made at the International Business Conference at Rye and also a clipping from today's New York Times in which a short account of my yesterday's press conference was given. You may be interested in knowing that during the discussions at the Conference the Chinese Delegation and several others have given their full support to the Bretton Woods Agreements.

I wish to thank you for your letter of recent date and am looking forward with great pleasure to seeing you very soon.

With best personal regards,

Yours sincerely,



K. P. Chen

For immediate release
November 15, 1944
Rye, New York

STATEMENT BY MR. K. P. CHEN

CHAIRMAN OF THE CHINESE DELEGATION TO THE INTERNATIONAL BUSINESS CONFERENCE

The Chinese Delegation is very happy to be here to participate in the deliberations on the various international business problems confronting the postwar world. Having been almost completely cut off from the rest of the world in the past three years, we are most eager to explore the ways and means of economic cooperation with other countries.

The Chinese business men believe that international economic cooperation is indispensable to a lasting world peace. In order to make such cooperation effective and enduring, it is desirable to have an international institution organized with the participation of as many nations as possible, in so far as the problems involved are of direct concern to them. The Chinese business men, therefore, endorse the decisions reached by the various international economic conferences, such as the United Nations Food and Agricultural Conference, the United Nations Relief and Rehabilitation Conference, and the United Nations Monetary and Financial Conference. The last mentioned conference is of particular concern to us business men, and we believe its decisions represent a constructive attempt on the part of all nations, large and small, to achieve international monetary and financial cooperation.

Following the same principle, the Chinese business men believe in world-wide reduction of trade barriers as a prerequisite to the development of future world trade and an effective means to promote world harmony. While monetary cooperation as embodied in the Bretton Woods agreements is one way to remove some of the worst forms of trade barriers, a successful removal of all other barriers through the joint effort of all nations is equally important.

Aside from such general issues, the Chinese Delegation brings to the Conference some of its postwar problems. The most important postwar problem that the Chinese people have in mind is industrialization.

This war of attrition has taught China a very bitter lesson: namely, in addition to a badly needed agricultural reform, we must be industrialized in order to raise our people's purchasing power, to improve our people's standard of living, and to effectively discharge our duty of preserving and promoting world security and peace.

With 450 millions of people and an abundance of natural resources, we have great potentials for industrial development and for the creation of a vast market for the products of other countries. We believe this process can be speeded through effective cooperation from our friends. We are looking for the kind of economic cooperation which will lead to a long-term investment in the profitable and peacefully expanding industries in postwar China.

I wish to assure you that to the best of my knowledge the Chinese Government welcomes foreign investment. All regulations and laws being adopted by the Chinese Government are directed toward giving foreign investment fair treatment.

Business men of other nations may make direct investments:

1. In partnership with the Chinese Government and Chinese business men and
2. In their own enterprises in China.

Because of historical and other considerations, the Chinese Government will continue to operate railways, telegraph, ordnance works, harbour works, conservancy projects and large-scale hydro-electric plants. All other industries will be open to private enterprises. There may, however, be some undertakings which will be beyond the capacity of private Chinese resources, in which case, and when necessary, the Chinese Government will undertake such enterprises itself or go into partnership with private or foreign interests. In the case of joint enterprises between the government and private persons, corporate form of organizations will be used and the government will exercise its power only as stockholders.

For the purpose of financing our postwar purchases in a program of industrial reconstruction, some credits from industrial countries will be expected, but we feel that our initial needs will not be very large, as it is usually difficult for a primarily agricultural country to absorb a considerable amount of capital goods in the early stage of its industrialization program. Our needs will become accelerated when our program is fairly under way, and we are sure that every credit obtained will be profitably employed.

Unless we are sure we can repay, we would not borrow. In order to enable us to pay for what we buy or to repay what we borrow, it is necessary that we have a free access to the world market for the export of our agricultural, mineral and handicraft products. China can supply to the world a number of raw materials at a reasonable cost, and we look to our foreign friends in cooperating with us in developing an expanding market for these products, so that we may have the means to buy from abroad or pay for our obligations.

WORLD STANDARDS PROPOSED AT RYE

Report Calls for Setting Up
Bureau in International
Business Clearing House

WOULD DROP WORD CARTEL

British Group Member Urges
Term Trade Accord Instead—
China's Problems Outlined

By EDWARD A. MORROW

Special to The New York Times

RYE, N. Y., Nov. 15—In the first definite step to be taken at the International Business Conference the section on raw materials and foodstuffs adopted today a report calling for establishment of "a single international bureau of standards as a department of a general international organization" which would act as a clearing house on all types of business information. The report is scheduled to be made at the first plenary session of the business delegation representing fifty-two countries.

The section's program strengthened reports that the conference may with the concluding sessions urge formation of "a business and industry counterpart to the League of Nations."

Urges Dropping Word "Cartel"

These reports were further strengthened by a statement issued by Sir Clive Baillieu, member of the British delegation and chairman of the section on cartels, who urged abandonment of the word "cartels" in favor of "trade accords," the operations of which would be subject to "continuous and public review" by some form of international machinery.

In the statement, issued to clear up some differences concerning the operation and regulation of cartels, Sir Clive said he wished to point out that "traditional concepts of the meaning of the word cartel have varied as between countries here." Throughout the British world it is almost never "used."

"I propose," he said, "that a new term be adopted generally to cover all such agreements whether they be instituted by private or government interests. I suggest that this new term should be 'trade accords.' A group participating in such an accord could simply be called a trade accord group.

"We must have international machinery for continuous and public review of the operations of all such accords. We can look forward to the progressive mitigation of all such arrangements, if we can only succeed in developing liberal trade policies between the nations, and this again will depend upon our success in creating an effective political organization and harmonious domestic policies which will result in a high and stable level of employment."

In its recommendation, the subcommittee of the Raw Materials and Foodstuffs Section studying international clearing house proposals, recommended that the international organization include in its activities a clearing house of information with regard to the standards of cereals, legumes and other seeds, fibers, fats and oils, hides and skins and other materials and processed products of agriculture with a view to a mutual understanding throughout the world of standards in use.

Single System of Weights

The committee's report also urged the use in international trade of a single system of weights and measures (preferably the metric system), and the setting up of a clearing house of information with regard to international statistics. The data would include reports on

production outlook, crop conditions and "information such as will help producers, distributors and consumers to estimate better prospective demand."

Other recommendations of the group include the removal or gradual reduction of all the different types of trade barriers, elimination of preferential or discriminatory arrangements "of all kinds" and abandonment of the use of quantitative import quotas.

Reopening of all commodity future markets was urged "at the earliest possible date as one of the greatest mediums for facilitating international trade."

At a press conference held by the Chinese delegation K. P. Chen, chairman of the group, endorsed decision reached at the recent United Nations monetary and financial conference as "a constructive attempt to achieve international monetary and financial cooperation." China's prime post-war problem, he declared, is industrialization.

Turning to the question of credits to finance this industrialization Mr. Chen said the Chinese did not feel their "initial needs" would be large, since the capital could be put only to a few limited uses in the beginning, and "we want to be able to pay it back." Investments can be made in China in two ways, he explained. They could be made either in partnership with the Chinese Government or Chinese business men and secondly, or in their own enterprises.

Dr. Alejandro Shaw, chairman of the Argentine delegation, declared that after the war Argentina will have to spend \$1,000,000,000 for

new equipment. To pay for such purchases, he said, Argentina possesses \$200,000,000 frozen in the United States and heavy Sterling balances. Commenting on foreign investments in Argentina, he declared German holdings were very small, between \$20,000,000 and \$25,000,000. British investments were put at approximately \$1,250,000,000 and American at \$200,000,000.

Argentine business men, he said, would "welcome" a return to the family of the United Nations and would join the Bretton Woods proposals if they are adopted.

N.Y. Times
Nov 16
1944

MI26

November 17, 1944

My dear Mr. Secretary:

Thank you so much for having sent me a copy of a statement which you forwarded to Mr. Edwin Smith on the occasion of the American Soviet Friendship rally in Madison Square Garden on November 16, 1944. It was received with great enthusiasm at the rally.

Sincerely yours,

A. Gronyko

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

CABLE TO MINISTER HARRISON, BERN, FOR MCCLELLAND, FROM PEHLE, WAR REFUGEE BOARD

We are transferring one hundred thousand dollars to you for use at your discretion in furthering the programs of the War Refugee Board. These funds are not subject to usual government disbursement procedure and you will be responsible to me alone for their expenditure. You should, however, keep careful record of expenditure and obtain receipts where possible.

THIS IS WRB BERN CABLE NO. 279.

1:45 p.m.
November 17, 1944

DWhite:hmd 11/17/44

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

Reference your 7365 and 7366, November 6. Department and Board are encouraged by your reports of distribution of S.S. Christina goods by Intercross. Olsen from Stockholm has advised the Board that the 15,002 three-kilo parcels at Gothenburg have been restored and will go forward to camps in Germany in the near future if they have not already gone. Major portion of remaining 285,000 three-kilo parcels will go forward from here latter half November. As packing has already been completed, it is impossible to include clothing items in this shipment. World Jewish Congress has received approval from Department, WRB, FEA, and MEW to ship through Amcross facilities some 10,000 pounds of clothing for distribution to unassimilated persons in camps in enemy Europe.

Department, WRB, and FEA have jointly requested MEW to approve shipment from the United States of an additional 300,000 three-kilo food parcels to be prepared for shipment after December. In order to expedite approval of this program, it is important that Intercross furnish you for transmittal to us all possible evidence of packages having been received by unassimilated persons and in addition, all other available evidence of proper distribution.

Reference Christina distribution, it would be appreciated if you would secure from Intercross the names and locations of the camps affected by the distribution, also assurance that Jewish internees were among the beneficiaries and the numbers thereof. In this connection, suggestion is made that Intercross attempt to embrace within distribution scheme all or some of the following camps:--Poland: Czestochowa, Jedrzejow, Kattowice, Kielce, Klimontov, Krakow, Mielec, Myslowice, Opole, Oswiecim, Piotrkow, Radom, Sanok, Skarzyske, Trzebinia, Wieliczka - Bochnia; Slovakia: Sereď.

THIS IS WRB BERN CABLE NO. 280.

1:45 p.m.
November 17, 1944

PJM:FH:hd 11/16/44

CABLE TO MINISTER HARRISON AND MCCLELLAND, BERN, SWITZERLAND

Reference your 7313, November 3, 1944.

Text of this message would make it appear that Intercross has proceeded along the lines of our 1498 of April 29, notwithstanding their negative response contained in your 3147 of May 17. The Board would appreciate your comments on the text of Riegner's message and a determination by you that Intercross has approached the German Government with a view to obtaining assimilation for foreign Jews held in Germany or German-occupied territories.

THIS IS WRB BERN CABLE NO. 281

1:45 p.m.
November 17, 1944

FH:PJM:ar 11/16/44

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

For our records, please furnish us office equipment inventory and approximate value each item. Also indicate condition of each article.

THIS IS WRB BERN CABLE NO. 282.

2:00 p.m.
November 17, 1944

DWhite:hmd 11/15/44

CABLE TO HARRISON, BERN, FOR MCCLELLAND FROM WAR REFUGEE BOARD

Reference is made to project of Belgian War Relief authorized by license No. W-2231.

Board has just been informed through interested labor groups here that two leaders of the Belgian Labor movement, Messrs. Major and Lapaille, in anticipation of aid under this program, borrowed funds in Belgium to aid persons hiding or escaping from the Germans and families of men deported to Germany. It is desired that \$90,000 of the amount held by you in Switzerland for Belgian War Relief project be turned over to the Belgium Legation in Switzerland for transfer to Mr. Major in repayment of part of the amount he and Mr. Lapaille borrowed in Belgium. You are authorized to pay the Swiss franc equivalent of \$90,000 to Belgian Minister in Bern against appropriate receipt. Please advise Board when payment has been made.

THIS IS WRB BERN CABLE NO. 283.

2:00 p.m.
November 17, 1944

FH:hd 11/15/44

DU-330

PLAIN

Bern

Dated November 17, 1944

Rec'd 8:37 a.m. 18th

Secretary of State

Washington

7589, Seventeenth

FOR WRB FROM MCCLELLAND

Department's 891, March 18

I have recently been approached by organizations responsible in Switzerland for care of refugee children which are anxious to know whether 4,000 United States immigration visas authorized in Department's wire under reference will still be available after this war.

Any information you could secure concerning this question would be appreciated.

HARRISON

RR

YBM-110

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

Bern

Dated November 17, 1944

Rec'd 4:45 p.m.

Secretary of State,

Washington.

7592, November 17, 10 a.m.

FOR WRB FROM MCCLELLAND.

FOR UNION OF ORTHODOX RABBIS EMERGENCY COMMITTEE
FROM STERNBUCH:

"(?) Muelowitz acknowledged receipt of 25,641 Swiss francs on November 1. Rabbis Lubarteijger and Zytsmann complain that the Lublin group are not taken sufficiently into account. Telsher Kolel also states that they are not assisted commensurate with their number. Rabbi Brewda requests that Rabbi Zaks arrange for the inclusion of the Raduz seminary in the future. Both Rabbi Schwab's and the Agudah groups request larger allocations. Negotiations for the evacuation of Rabbis and students from Shanghai are being conducted by the Polish Legation in London. Please ask Polish Legation, London, to keep you informed."

HARRISON

MJF EMB

JMI-86
Distribution of true
reading only by special
arrangement. (SECRET W)

Bern

Dated November 17, 1944

Rec'd 3:51 p.m.

Secretary of State

Washington

7593, November 17, 11 a.m.

FOR WRB FROM MCLELLAND

I have received following reliable and confidential information concerning composition internees of camp of Bergen Belsen.

At beginning of September 8156 Jews were interned there. Camp inmates are divided into following groups. About 1370 Hungarians make up first group and 593 Poles possessing "foreign" passports second.

Treatment these two groups reported tolerable. Third section of camp houses 660 Dutch Jews plus a small number of other Jews of unspecified nationality all holding Latin American documents. Section four called "Albala" is work camp where treatment is bad, food hygienic and housing conditions inadequate.

There are roughly 5500 Jews of Dutch, Greek, French, Polish and other nationalities in Albala apparently possessing no documents at all or otherwise documentation considered insufficient by Germans.

HARRISON

JMS

FMH-96
Distribution of true
reading only by special
arrangement. (SECRET W)

Bern

Dated November 17, 1944

Rec'd 4:25 p.m.

Secretary of State,

Washington.

7602, November 17, 4 p.m.

Swiss requested deliver two Salvadoran identity documents at Budapest covering following persons (Department's 3255, September 21—WEB 175—fourth paragraph).

One. Dr. Gyese Varkenyi born November 3, 1898 Budapest; wife Klari Varkenyi nee Manovill September 16, 1908 Berlin; Peter Varkenyi June 3, 1922 Budapest.

Two. Maximilian Manovill April 23, 1879 Komárom Hungary; wife Helene Manovill nee Ledefsky February 2, 1886 Szombathely Hungary.

HARRISON

WMB

DCG-192

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

Bern

Dated November 17, 1944

Rec'd 8:27 p.m.

Secretary of State,

Washington.

7603, November 17, 5 p.m.

FOR WRB FROM MCCLELLAND.

FROM UNION OSE GENEVA FOR LEO WULMANN OF AMERICAN OSE, 24 WEST FORTIETH, NEW YORK:

"Very happy success Mexican campaign. Have received news from Rumania concerning opening OSE branches in Bucharest, Moldavia, Radauti, Suceava, Siret, Timiseara and Arad.

It is impossible to send anything to Lublin via Turkey or Iran. Trying other ways. Have you attempted through American or Mexican Red Cross or via Palestine. Please inform us whether you have received information from liberated part of Poland."

HARRISON

WSB

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

Please deliver following message to Professor A. Rustow, Istanbul Kadikoy, Mahurdar Caddesi 121, Istanbul, from Dr. Frank Kingdon and Sheba Strunsky of International Rescue and Relief Committee:

QUOTE 2 CONTACT AMBASSADOR STEINHARDT FOR PROTECTION ANTON CILIGA OUTSTANDING YUGOSLAV WRITER LAST HEARD OF FROM PRISON NEAR ZAGREB POSSIBLE CONTACTS ARE (1) COUSIN PROFESSOR TOMISLAV CILIGA ZAGREB SAVSKA UL 16 (2) FRIEND MR. CURCIN CARE OF NOVA EVROPA ZAGREB PRCOBRAZENSKA 6/1 (3) MOTHER EUFEMIA CILIGA SEGOTTI NEAR CARNIZZA D'ARSA VENETIA GIULIA ITALY. CONTACT AND ASSIST PETER ENGELMANN FAMILY INTERNED YOZGAT ANATOLIA WILL HE GET EXIT PERMIT IF US VISA GRANTED? PLEASE CABLE US REGULARLY. UNQUOTE

THIS IS WRB ANKARA CABLE NO. 127.

9:00 a.m.
November 17, 1944

A- 248

2:30 PM

TE

Nov. 17, 1944

AMEMBASSY,

26

CHUNGKING, (CHINA).

FROM TREASURY

(1) Reference your despatch No. 2652, June 6, 1944, enclosing communication from the Ministry of Foreign Affairs dated May 25, 1944, concerning bills of exchange payable at Hongkong which were sent by Chinese nationals residing in the United States and which, upon being returned subsequent to the outbreak of war in the Pacific, were purportedly detained by American Postal Censors and had not yet been released.

(2) Upon referring this matter to the Office of Censorship, Treasury was informed as follows:

"Since receiving your letter of September 29th (76675), we have made inquiry at all United States Censorship Stations which might have intercepted the correspondence containing bills of exchange referred to by the Chinese Ministry of Foreign Affairs in his note to the American Embassy, Chungking. Most of these stations have informed us that they are not holding any of the bills at the present time.

"Early in September, we released at one station for return to sender several hundred communications which were destined to China and had been held by United States Censorship. It is possible that many or all of the bills concerning which you inquired were among those released at that time.

RESTRICTED

~~XXXXXXXXXX~~

-2- #A-248 to Chungking

~~XXXXXXXXXX~~

"If, upon hearing from other stations, we learn that we still have on hand any of the communications containing the bills of exchange you are tracing, you may be assured they will be released at once."

(3) It would appear, therefore, that the items referred to by the Ministry of Foreign Affairs in its communication of May 25, 1944, have been released except for isolated instances and it is suggested that this information be made the basis of your reply to the Ministry of Foreign Affairs. However, should the Ministry or the Embassy feel that additional steps are necessary in order to resolve the problem raised by the Chinese, Treasury would welcome your further recommendations and any specific information which may be available concerning the particular bills of exchange involved including, if possible, the identity of the sender and the addressee, and the date of the relative communication.

Stettinius
Acting
GL

FMA:FHC:G:rmk

11/15/44

CA

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

140
DIVISION OF
COMMUNICATIONS
AND RECORDS

MB-47

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

Calcutta

Dated November 17, 1944

Rec'd 12:43 p.m.

Secretary of State,
Washington.

PRIORITY

1433, November 17, 3 p.m.

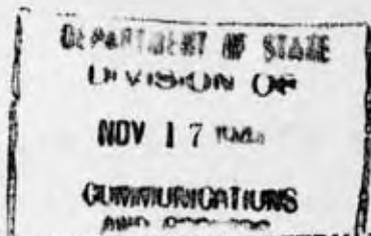
FOR THE SECRETARY OF THE TREASURY FROM FRIEDMAN

Arrived Calcutta. Deshmuk of Reserve Bank

expected here November 20 so I will await his arrival here. Please inform wife.

MYERS

RR



MRQ-217

PLAIN

London

Dated November 17, 1944

Rec'd 9:32 p.m.

Secretary of State,

Washington.

10104, Seventeenth

The following is statement made in the House of Commons today on the Palestine outrages by Mr. Churchill:

"On Thursday last the Foreign Secretary gave the House a full account of the assassination of the late Lord Moyne. This shameful crime has shocked the world. It has affected none more strongly than those like myself who in the past have been consistent friends of the Jews and constant architects of their future. If our dreams of Zionism are to end in the smoke of assassins' pistols and the labors for its future to produce a new set of gangsters worthy of Nazi Germany, may I like myself would have to reconsider the position we have maintained so consistently and so long in the past. If there is to be any hope of a peaceful and successful future for Zionism, all these wicked activities must cease and those responsible for them must be destroyed root and branch. The primary responsibility must of course rest with the Palestine authorities under HM Government. Those authorities are already engaged in an active and thorough campaign against the stern gang and the hardly less dangerous Ircun Zvei Leumi. In particular the Palestine police have been loyally and effectively carrying out their duties in the midst of constant danger. A number of persons suspected of active complicity in terrorist activities have been arrested and on October 19, 251 were deported from the country where their presence with the possibility of a large scale attempt at rescue only led to increased insecurity. Since then numerous further arrests have been made including those of some wanted terrorists. I am satisfied that the Palestine authorities have all the powers which are necessary to deal with the situation. They will, with the help of the military and the close cooperation of the general officer C-in-C, intensify their activities. But it will be realized that although primary responsibility is that of the government full success depends on the wholehearted cooperation of the entire community. This HM Government are entitled to demand and receive. I have received a letter from Dr. Weismann, President of the World Zionist Organization a very old friend of mine who has arrived in Palestine, in which he assures me that Palestinian Jewry will go to the utmost limit of their powers to cut out this evil from their midst. In Palestine the executive of the Jewish agency have called upon the Jewish community—and I quote the actual words — to cast out the members of this destructive band to drive them out of all refuge and shelter to resist their threats and to render all necessary assistance to the authorities in the prevention

-2- #10104, Seventeenth, from London

of terrorist acts and the eradication of terrorist organizations. These are strong words but we must wait for these words to be translated into deeds. We must wait to see not only that the leaders but every man, woman and child of the Jewish community does his or her best to bring this terrorism to a speedy end".

Asked whether the two criminals would be tried by a military or civil court, Mr. Churchill said he would not like to answer the question offhand. The criminals were under Egyptian authority and the crime was committed in Egypt and he had no doubt that the trials would be conducted with all despatch and correctness. The question had been raised whether they are not deserters from the Palestinian armed forces in which case they would be handed over to the British military authorities and the trial would be by court martial.

GALLMAN

MJF

JMA-221
 Distribution of true
 reading only by special
 arrangement. (SECRET W)

Bern

Dated November 17, 1944

Rec'd 9:50 p.m.

Secretary of State

Washington

7594, November 17, noon.

FOR WRB FROM MCCLELLAND

Legation's 6839 October 13.

Trustworthy report dated October 28 reached Switzerland November 13 through Csech underground channels containing additional information regarding fate of Jews in Slovakia and particularly Bratislava.

Number of Jews sent by Germans to Sered end September and early October from Bratislava appears to have been about 4000 somewhat lower happily than previously announced figure. Only about 300 souls are at present left in Sered over 3000 having been deported from that camp to unknown destination.

It is estimated that about 20% of Jews in Bratislava were able to escape deportation by hiding and flight.

This action was a general one conducted against all Jews in Slovakian German controlled areas and included even so called class "B" baptized Jews. Only Jewish wives of "Aryans" were excepted.

Jews arrested in eastern and central Slovakia were mainly sent to a new camp recently set up in a wood near town of Topolcany. This camp is heavily guarded and hermitically cut off from all outside contact population for radius of 4 kilometers having been evacuated. Nothing further about this new camp is known.

Most of personnel of central Jewish office (Ustrednasidov) in Bratislava appear to have been deported with exception of Mrs. Fleischmann who was able to hide. Nothing is known about whereabouts of Drostar Neumann her chief colleague.

This report

-2- #7594, November 17, noon, from Bern

This report confirms fact that a deportation train left camp at Marianka about mid October (Legation's 7163 October 28).

It is significant to note that Gestapo delayed granting German transit visa to (the ICRC?) delegate Dr. Dunant who was scheduled to leave for Bratislava during September until termination this action against the Jews in mid October.

HARRISON

JMS
EMB

NOT TO BE RE-TRANSMITTED

OPTEL No. 373

Information received up to 10 A.M. 17th November 1944.

1. NAVAL

15th/16th Two British Frigates with M.T.B.'s engaged six E-Boats probably minelaying in Scheldt Estuary. At least three E-Boats damaged. M.T.B. 742 damaged and returned to Harbor in tow.

14th. Two of H.M. Destroyers shelled BAR HARBOUR S.E. of DUBROVNIK.

15th. a British battleship bombarded battery on MILO which returned fire at 26,000 yards. R.M. Commando landed and endeavoured without success to occupy Radar Station.

2. MILITARY

Western Front In Valley of DOUBS French troops reported making good progress towards BELFORT in spite of appalling weather.

Third U.S. Army has gained more ground North of DIEUZE South of METZ and farther north, in bridgehead over MOSELLE at THIONVILLE.

Troops of First and Ninth U.S. Armies opened an attack in AIX LA CHAPPELLE Sector at 12:45 hours 16th. No details of progress available yet. British troops have now cleared up line of MAAS to a point ten miles S.W. of VENLO. Enemy opposition slight.

Italy Eighth Army troops have made advances of about 2,000 yards through country west of FORLI. Infantry and reconnaissance elements operating in MODIGLIANO. Slight advances also west of RIVER SERCHIO.

Burma Our troops have occupied KALEMYO. Chinese troops are within one mile of BHAMO.

Eastern Front Russians report advances in Sectors East and North-East of BUDAPEST. Railway junction of VAMOSGYOERK. 40 miles N.E. of BUDAPEST on the line to MISKOLE was occupied.

3. AIR OPERATIONS

Western Front 16th. 1123 escorted Bomber Command aircraft attacked in clear weather fortified townships of DUREN, JULICH and HEINSBERG, ten miles S.S.E. of RIERMOND dropping 5640 tons. At DUREN and JULICH bombing accurate and concentrated, at HEINSBERG rather scattered. Four bombers, one fighter missing. Eighty Marauders dropped 130 tons on defended localities in battle area with good results and 693 fighters (9 missing) flew armed reconnaissances. 16th/17th Bomber Command operations cancelled owing to bad weather at home bases.

Mediterranean 15th. 79 heavies (5 missing) dropped 138 tons, results unobserved, on BENZOL plant at LINZ, railway centre INNSBRUCK and other targets.

4. HOME SECURITY

Three rockets during period in addition to serious damage to residential property, gas holder was fired, railway sidings seriously damaged, and railway signal box put out of action. Casualties so far reported 12 killed, 38 serious and 37 slight.

November 18, 1944
1:05 p.m.

HMJr: Hello.

Mrs.
Klotz: Do you want to talk to Harry?

HMJr: Yes. I don't know what -- the phone suddenly is very bad.

K: Oh. Well, I don't know why.

HMJr: Can you people hear me?

K: Yes, very well.

HMJr: All right.

Harry
White: Hello.

HMJr: Harry, I'll talk first. I just talked to Admiral Leahy. I can't hear you. He said he has seen the President.

W: Yes.

HMJr: And the President seemed confused about this thing. He also says the President said he never promised them anything at Quebec and that we should handle this just the same as any other Lend-Lease operation. Admiral Leahy said he thinks we could work it out so that the thing is not binding but that we could go ahead.

W: Yes.

HMJr: He understands it and I reminded him of the written memorandum that we had at Quebec. Now, he said that the President did want to see me Tuesday. He's arranging for the appointment. Mrs. Klotz might follow through on Monday on it with General Watson. And I asked Leahy whether he wouldn't please be there. Hello?

W: Yes, I'm listening.

HMJr: And I'm going to weigh taking you along. If I don't it will only be because

W: I don't think it's necessary.

HMJr: it may be disagreeable.

W: I don't think it's necessary.

HMJr: Well, I mean I may have to get a little disagreeable and the less audience, the better.

W: Yeah.

HMJr: But Leahy seemed to be thoroughly sold on the program.

W: All right.

HMJr: And he said that you were rewriting the memorandum.

W: Yes.

HMJr: But his description of the President was: he seems to be confused.

W: All right. Shall I briefly tell you what happened?

HMJr: Yeah. But you'll have to talk up. It's awfully hard for me to hear.

W: All right. I'll be brief then. We were there for an hour and a half.

HMJr: Yes.

W: He first was puzzled why he was in the picture and I think the reason was that Patterson brought along two people and there were two from the Navy and Crowley brought around somebody and Dean Acheson and myself and he said he had the whole Government there.

HMJr: Yeah, he seems -- he didn't seem to like that.

W: Yes. But I explained and Dean Acheson explained and he -- he started out as though he didn't want to have anything to do with it.

HMJr: Yes.

W: But he changed during the meeting and became interested and there were pretty complete explanations made of the whole situation.

HMJr: Yes.

W: The question that he said that the President was confused about was the question that he, himself, raised and I think that that probably is the reason for the President being confused. He said, "Why does this have to be an agreement between the two Governments? We never had it as an agreement." I explained to him that it was not going to be an agreement between the two Governments; that this was an agreement on a report to be submitted to each one of the Chiefs.

HMJr: Yes.

W: And that the -- any agreement that might ensue would be something between the President and Churchill.

HMJr: Yeah.

W: But that this was merely an agreement on what kind of a report to submit.

HMJr: Yeah.

W: He said, well, none-the-less he didn't see why this had to be handled any different from any other Lend-Lease. Then we went back to Quebec which we had discussed earlier -- explained earlier what the background was -- and went back again and said that this was the statement and that this Committee emerged from that. I told him that the President had agreed to the three and a half and three billion up there with Churchill but that you had checked up and said that these things had to be examined -- that they had to be examined from each item.

HMJr: Yes.

W: And then we agreed that their report

HMJr: Harry, you'll have to save this -- I've got such a bad connection, it's too much of a strain on me.

W: Well, then I'm writing this all down. It will be available to you Monday.

HMJr: Right.

W: Suffice to say, I think some of the confusion which the President has

HMJr: Yes.

W: I suspect a little was probably created by his emphasis on the failure to understand why we need any agreement. I don't -- I little think -- that he probably didn't repeat the complete picture of what we agreed on toward the end.

HMJr: Well, I don't understand you. Did Leahy see the President while you were there?

W: No, but he said that -- see we were there for an hour and a half -- and he said, "I'm going to see the President right away."

HMJr: But

W: "I have a chance to see him and I'll ask him now," -- because I had emphasized that

HMJr: Now, wait a minute. Did he come back and tell you what he

W: No, no. No, this is the first I've heard of what his -- the results of it was.

HMJr: Harry, I'm going to hang up in a minute but let me just say this: I think the confusion in the President's mind has most likely been raised by Hopkins because he has always handled this sort of thing before.

W: Not impossible.

HMJr: See? And undoubtedly, he has been kept posted by Oscar Cox.

W: Yes.

HMJr: And he doesn't want this thing a success. Now, that's just my guess. I may be very wrong and very unkind.

W: Well, it's not impossible.

HMJr: Yeah.

W: But I think we can easily take care of that and we'll have ready

HMJr: Fine.

W: by when you see him, we'll have the kind of document -- memorandum which will eliminate any possible -- such discussion.

HMJr: All right.

W: All right.

HMJr: Thank you.

W: Did you want to just ring off or did you want to talk to anybody?

HMJr: Uh

W: There's nobody here but Mrs. Klotz.

HMJr: (Laughs) I don't like the way you say it.

W: (Laughs) Well, I didn't know if you wanted to talk to anybody else.

HMJr: Mrs. Klotz

W: Apparently she doesn't like the way I said it either. (Laughs)

HMJr: Let me talk to her.

W: All right.

Mrs.
Klotz: Harry is absolutely

(Remainder of conversation not recorded.)

MEMORANDUM FOR THE FILES

Meeting at Admiral Leahy's Office
November 18, 1944
10:00 a.m. to 11:30 a.m.

Present: - Admiral Leahy

For War Mr. Patterson
Mr. Lovett

For Navy Admiral McCormick, Mr. Keith-Kane,
Commander Riley

For State Mr. Dean Acheson

For F.E.A. Mr. Crowley, Mr. Oscar Cox

For Treasury Mr. White

The meeting had been arranged between Secretary Morgenthau and Admiral Leahy. It had been initially expected that only one man from each of the agencies represented would attend but several others came along.

Admiral Leahy began the meeting by stating he didn't know what this was all about. He knew it was about lend-lease but he didn't know much about lend-lease and, in any case, didn't know what he had to do with the matter. He said that Secretary Morgenthau had told him he would like to send one of his men to tell him briefly about the military and naval part of the current negotiations but he now found himself "confronted with the whole Government".

I explained that Secretary Morgenthau had suggested that the representatives of Army, Navy, State, F.E.A., and Treasury call on Admiral Leahy with a view to giving him a brief description of the background and results of the negotiations for Stage II that were going forward with the British representatives. I explained that the Committee, which had been provided for at Quebec, was about to agree on a report to submit to the President but that before doing so the Secretary wanted to make sure that there was no major aspect of the proposed report which the President disapproved of or would not wish to receive. Secretary Morgenthau had asked, to make certain that if the President disapproved of any major part of the program, that he and Admiral Leahy

- 2 -

be given an opportunity to call on the President Tuesday to discuss the matter. It was necessary to have it soon because the meetings on Wednesday were to act finally on the draft report. Admiral Leahy commented that he didn't know why he should be the intermediary and why he had to get the acquiescence of the President to the report instead of Secretary Morgenthau. I replied that the Secretary had wanted him to be familiar with the background and with the major aspects, particularly as applied to the military and naval phase so that if the President should raise any questions, he would be familiar with the subject. Secretary Morgenthau had also wished to make certain that if the President raised any objections that he, Secretary Morgenthau, would have an opportunity to discuss the matter with the President prior to Wednesday.

Dean Acheson gave a brief review of the Quebec Conference as it related to lend-lease and the work of the Committee and the desirability of having the President indicate his disapproval, if he had any, to any major part of the program prior to Wednesday. Mr. Acheson emphasized that the President would not be committed by the report inasmuch as this was just a report of recommendations by the Committee to the President.

Admiral Leahy then turned to Mr. Patterson for further explanation of the work of the Committee and Mr. Patterson outlined what the Army had done. He made clear then and subsequently that the Army had not concerned itself with the overall question of finances or any of the general aspects of the program submitted by the British. The Army and Air Force had considered the requests in the same way that they have considered prior requests. He said that the British had wanted a commitment from the Army on the items agreed upon but that the Army had taken the position that they could make no commitment, that they were merely submitting a schedule of military items for which they would plan production in the light of the British requests and their evaluation of their needs. The actual production and allocation of those items would have to be determined from time to time by the Combined Board in the light of the then prevailing circumstances in the same way that it has always been done.

Admiral McCormick explained that the Navy had done likewise, but that the Navy had not put down a dollar value for some of the items as requested by the British. The Admiral also called Admiral Leahy's attention to the fact that there had been some controversy with regard to some of the ships and that the British would probably later make a fuss about the decision which the Navy had arrived at with respect to those ships. Admiral Leahy wanted to know whether any of the material which was programmed for the British was for the purpose of rebuilding their fleet air arm. He said that the British had for a long time

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wanted to rebuild their fleet air arm but prior to the war they couldn't get the necessary funds because of domestic opposition and the fact that they couldn't convince the appropriate authorities that such an arm was essential. Now that events had made it obvious that it was desirable the British were eager to have a modern fleet air arm after the war. He said that the U.S. had all the fleet air arm it needed for the Stage II operations and didn't see why the U.S. needed to help rebuild the British fleet air arm for the conduct of the war. He said if any such decision were made it would, of course, have to be made on grounds other than conduct of the war and he personally didn't see the justification for it. Both Patterson and Admiral McCormick emphasized that their program schedule was concerned only with the conduct of the war and not with the aim of adding to the post-war strength of the British Army or Navy. Mr. Cox commented that some of the decisions would necessarily involve a possible strengthening of the British Navy and Army after the war inasmuch as the program might include items which would be of service not only during the war but which would have useable life after the war. He said that was a matter which would have to be taken into consideration by the Army and Navy and doubtless was taken into consideration.

Mr. Patterson said, speaking for the Army, and he also understood he could speak for the Navy in this respect, and Admiral McCormick agreed, that they had paid scrupulous attention to the appropriate use of lend-lease funds and the adherence to the established policy with respect to supplying military equipment for the Army and Navy which had been in force. He said both the Army and Navy were prepared to fully defend any ~~action~~ decision which they had made with respect to the arrangements with the British before any appropriate committee. All their decisions had fully complied with the Lend-Lease Act and with the policy established by Congress and this Government. Admiral Leahy indicated that he was quite satisfied on that point and would so report to the President.

He then asked if Mr. Crowley could give a statement with respect to the non-munitions part of the program to complete the picture. Mr. Crowley had, however, been called out a moment previous and did not return, so Mr. Cox undertook to state the F.E.A.'s position. He explained that F.E.A. had gone over the requests and had agreed on a program. He said that there were some political questions involved, namely, (1) question of the date, whether January 1st or V-E Day; (2) the question of the political advisability of agreeing to some of the food schedules, particularly meat, in view of the possible necessity for increased rationing in the U.S.; and (3) question of treatment of stocks of goods in England. He repeated that agreement on scheduled arrangements would not constitute a commitment but was subject to the later decision of supply and allocation.

- 4 -

Admiral Leahy said he didn't understand. Did Mr. Cox expect him to attempt to make clear these political issues and get a reply from the President because, if so, he didn't know enough about them or understand them. Mr. Acheson replied that he didn't think that it was necessary to raise those questions with the President since they were of a detailed, somewhat subtle, character and inasmuch as the present arrangement was not a commitment but was subject to allocations that would necessarily take all the necessary factors into consideration at the time, and that what was being agreed upon so far was in accord with the understanding arrived at at Quebec. Mr. Cox, however, repeated that he thought there would be some question which the President might raise or which Admiral Leahy might raise as to the desirability of agreeing to finance increased food consumption when we were likely to have to increase rationing, etc.

Admiral Leahy asked why any commitment had to be made to the British and why there would have to be any agreement between the President and Prime Minister on the point. Mr. Cox said that their arrangements would not be in the form of a commitment but would take the same form that the Army and Navy arrangements had taken, namely, that it was a program that they agreed to provide the financing for, subject to Congressional approval, but that the actual deliveries of goods would be dependent upon decisions to be made from time to time by the Combined Food Boards and other allocating authorities. Nonetheless, he pointed out that this program agreed upon at the Committee level would constitute in the minds of the British something of a commitment and although they clearly understood that it was subject to subsequent allocations, shipping facilities, etc., they would doubtless subsequently press for fulfillment of the items on the program. The program, in other words, constitutes a sort of moral commitment and would doubtless be so used by the British. Admiral Leahy said that it was his experience that the British always did that but so far as the military and naval part was concerned, the U. S. had an easy out by being able to say that such and such material could not be produced, that it was needed by the U. S. Army, Navy or Air Force. However, when it came to questions of food and materials, he didn't see how we would be in a position to say that we couldn't supply the requested amount by cutting our own consumption. He therefore didn't think it wise that any such agreement should be made.

I said that I didn't think that it was expected that the final documents would take the form of a formal agreement between the two governments. I was of the opinion that the agreement would be merely one of the committee members to a report to their respective chiefs. I asked Mr. Acheson to comment on that point and he agreed that the formal documents would not take the form of any agreement

- 5 -

between two governments but an agreement on the kind of report that was to be submitted by the Committee to each government. Admiral Leahy, however, repeated that he thought it was important not to have any agreed upon program or any commitment that would have to be made between the two governments particularly if the matter later had to come before Congressional committees, as it doubtless would.

After some discussion, it was agreed by all that the documents should take the form of unilateral statements by the appropriate agencies, something to the effect that after consideration of the British requests and a review of the validity of the needs and the general production situation, that an appended program of munitions and non-munitions items and services would be programmed for by the United States, that the fulfillment of the program and deliveries under the program would, of course, be subject to allocations and supply questions, shipping questions, etc., prevailing at the time. Decisions with respect to allocation and supply would be made in the future as they had in the past by the appropriate commissions and agencies.

I then described briefly to the Admiral the proposed recommendations with respect to requests under Chapter III. I explained that the U.S. Committee had tentatively approved some 200 million out of 700 million requests and that the purpose of this part of the program was to prevent the further deterioration of the British international financial situation.

H. D. White

Treasury Department
Division of Monetary Research

156 ✓

Date Nov. 28, 1944.19

To: Secretary Morgenthau

This is a copy of the report handed to Admiral Leahy at the conference held in his office Saturday morning.

The report was given to him with the statement that it was prepared for his convenience and was to be regarded wholly as a tentative program since we were in the process of re-examination of many of the items.

H.D.W.

MR. WHITE
Branch 2058 - Room 214-1/2

Status of Negotiations on British
Lend-Lease Requirements for 1945
as of November 17, 1944

Introductory

1. The program to be presented by the British was regarded at Quebec as applying to the first year of Stage II (the first year after cessation of German hostilities). During the subsequent discussions and in view of the diminishing prospects that the war in Europe will end this year, parts of the program are now regarded as applying to the calendar year 1945 rather than to Stage II.

2. The three munitions programs have been formally agreed at the Subcommittee level by jointly signed memoranda accompanied by detailed schedules. The non-munitions programs for the United Kingdom and for the Dominions and India represent substantial agreement but numerous details remain to be adjusted. All schedules, both munitions and non-munitions, are subject to the changing demands of strategy as well as to supply considerations and the usual machinery of procurement and allocation. Moreover, the agreements impose various detailed conditions and qualifications on specific items.

3. The British have made a strong appeal for modification of the Export White Paper of September 1941 in order to enable them to take the first steps toward redeveloping their export program. In order to facilitate the required adjustments they have voluntarily proposed the removal from lend-lease of most of the items likely to enter into exports or to cause controversy. This approach has been accepted by the U.S. representatives. A formula has been tentatively agreed by the U.K. and U.S. representatives which we believe serves the ends sought by the British while fully protecting the interests of the United States. The proposed agreement is explained in Section IV of this report.

4. In addition to the schedules of requirements presented for the 1945 lend-lease program, the British have made a number of special, supplementary requests designed to safeguard their dollar position. The nature of these special requests and the extent to which we have felt able to meet them are indicated in Section V of this report. Further consideration can, if necessary, be given the items not thus far agreed upon since a final decision on these requests is not essential to agreement on the basic program, for which negotiations are now drawing to a close.

5. This report of the committee is preliminary and subject to alterations that may result from the re-examination of the whole program which is now going forward.

Recapitulation of Results of Negotiations on British
Lend-Lease Requirements for 1945
as of November 17, 1944
(All figures in Millions of Dollars)

<u>Program</u>	<u>Requested (including revisions)</u>	<u>Reductions, Dis- approvals and minor items not yet agreed</u>	<u>Accepted (Subject to con- ditions as stated)</u>
I. Munitions			
1. Ground Army (War Dept. schedule)	739	139	600
2. Air and Fleet Air Arm	1,832	114	1,718
3. Navy	<u>604</u>	<u>288*</u>	<u>316</u>
Total Munitions	3,175	541	2,634
II. Non-Munitions			
1. Food	1,117	51	1,066
2. Raw materials and miscellaneous manufactured goods	286	2	284
3. Shipping	872	100	772
4. Oil	<u>338</u>	<u>0</u>	<u>338**</u>
Total Non-Munitions	2,613	153	2,460
III. Dominions and India (Non-Munitions)***			
1. Australia	124.7	21.2	103.5
2. New Zealand	18.7	.6	18.1
3. India	<u>125.3</u>	<u>23.9</u>	<u>101.4</u>
Total Dominions & India	268.7	45.7	223.0
Grand Total of 1945 Program	<u>6,057</u>	<u>740</u>	<u>5,317</u>
IV. Special Additional Items Requested to Safeguard British Dollar Position			
	700	498****	202

* Of this amount \$157 million resulted from an error in the original British request (\$83 million) and from a misunderstanding as to the lack of necessity for including the dollar figure for the possible lend-lease of ships already paid for out of U.S. Navy appropriations (\$74 million). This group of ships probably will not be lend-leased.

** If British agree to draw on existing stocks to the extent proposed by the U.S. the 1945 lend-lease program for oil can be cut to \$220 million. The figure shown is the one tentatively agreed on.

*** All munitions for the Dominions and India, except about \$260 million for aircraft for Australia and New Zealand are included in the U.K. program. Of the non-munitions, the U.K. program includes the oil and shipping requirements of the Dominions and India.

**** \$224 million definitely rejected, remainder doubtful but subject to further consideration.

Status of Negotiations on British
Lend-Lease Requirements for 1945
as of November 17, 1944

(Millions of dollars)

I. Munitions1. Ground Army

(a) British request.....	846
Of this amount \$77 million civilian type items with military end use were listed for FEA procurement. In addition the \$30 million request for locomotives and wagons for India was subsequently transferred from the War Department schedule to the FEA for consideration..	<u>107</u>
(b) British requirements considered by War Department.....	739
Principal items:	
(1) Tanks and half-tracks, 3,200 vehicles.....	77
(2) Automobiles, trucks, tractors & trailers, 75,000 vehicles.....	107
(3) Guns (\$4 million) and gun ammunition (75mm to 155 mm) (\$56 million).....	60
(4) Small arms and ammunition.....	48
(5) Quartermaster supplies (chiefly jungle clothing).....	190
(6) Medical supplies.....	25
(c) Approved by War Department and British agreement Oct. 22 (including \$50 million for spot requirements and contingencies).....	649
(d) LVT's deleted Nov. 14 because duplicated in Navy program.....	<u>49</u> 600
(e) Remainder of War Department schedule not committed....	139
This includes contingent delivery charges of \$30 million which will probably be lend-leased if incurred...	<u>30</u>
(f) Cut-backs and disapproved.....	109

Principal reductions were in motor vehicles (from \$107 million to \$71 million) and quartermaster supplies (from \$190 million to \$93 million). No cuts were made in combat vehicles nor in guns, small arms and ammunition. The \$50 million allowance for contingencies will make possible some restorations if supplies are available and need is shown.

- 4 -

(Millions of dollars)

2. Air and Fleet Air Arm

(a) British request..... 1,832

Principal items:

(1) Aircraft especially superheavy bombers and B-24's, Mustangs, Dakotas, Avengers and Corsairs.....	1,061
(2) Components and equipment.....	340
(3) Maintenance and spares.....	100
(4) Radio and radar.....	162
(5) Bombs.....	100

(b) Approved by War Department and British agreement Nov. 2..... 1,643

This sum includes \$200 million to cover spot requirements and contingencies and \$131 for aircraft modifications, handling and delivery charges.

(c) Added by agreement Nov. 10 to provide for further allocations of planes to Fleet Air Arm if available..... 75

(d) Total approved program..... 1,718

(e) Possible addition for fleet air training program, maximum..... 15
1,733

(f) Cut-backs and disapproved..... 99

Reductions in the British requests occurred almost wholly in aircraft (entire request for 100 super bombers costing \$130 million denied and substantial cuts in requests for B-24's, Dakotas and the Navy type planes) and in bombs (reduced from \$100 million to \$51 million). The contingent items were included to provide these categories if supply becomes available and need is shown. Request for radio and radar equipment was increased from \$162 million to \$218 million, the latter amount being approved.

3. Navy

(a) British originally requested..... 416

(b) Later additions were \$100 million for ship repair, \$6 million for "services", \$50 million for "spot" requirements and \$32 million for amphibious tractors formerly on War Department list of requirements..... 188

(c) Total British requests..... 604

Aside from those mentioned above the principal items are:

(Millions of dollars)

(1) Ships and craft, almost entirely the various classes of landing craft.....	158
(2) Guns and mountings.....	19
(3) Ammunition (\$51 million) and torpedoes (\$9 million).....	60
(4) Naval stores (\$6 million) bulk stores (\$9 million) and victualling stores (\$21 million)	36
(d) Approved by U.S. and British agreement, Nov. 10.....	316
(e) Cut-backs and disapproved.....	288

Of the total request of \$604 million it was found that some \$83 million for ships and craft represented duplication and that another \$74 million represented ships already paid for and involving no budgetary cost. Accordingly the Navy Department rejected the entire original British request for \$158 million for ships and craft except \$1 million for personnel landing craft. Other substantial cuts are found in the ship repair item (reduced from \$100 million to \$30 million), guns and mountings, ammunition, torpedoes, and hull and machinery spares. Spot requirements were cut from \$50 million requested to \$25 million but \$20 million was allowed for contingent additions.

II. Non-Munitions

1. Food

(a) British request.....	1,117
Principal items:	
(1) Meats (carcass, \$227 million, canned \$112 million, and smoked, \$71 million).....	410
(2) Canned fish.....	36
(3) Lard.....	76
(4) Milk (evaporated \$53 million and dried \$21 million).....	74
(5) Cheese.....	67
(6) Eggs (dried \$98 million and shell \$14 million).....	112
(7) Fruits (dried \$35 million, canned juice \$15 million, other fruit products including canned fruit for Forces \$30 million).....	80
(8) Flour.....	23
(9) Tobacco for Forces.....	59
(b) Approved program Nov. 17.....	<u>1,066</u>
(c) Cut-backs and disapproved.....	51

Substantial cuts occurred in the British request for meats, dried eggs, canned fish, dried fruit and lard and the request for flour (\$23 million) was denied entirely. However, for meat, lard and flour contingent allowances were granted sufficient to finance the full requests should supplies become available, and, in the case of flour, if the need is convincingly demonstrated. In addition, an allowance of \$48 million was made for possible price changes.

(Millions of dollars)

2. Raw materials and miscellaneous manufactured goods

Note: The British have eliminated from the lend-lease requirements in this category most items which might be expected to enter into their export program.

(a) Original British request.....	268
(b) Later additions.....	<u>18</u>
(c) Total request.....	286

Principal items:

(1) Synthetic rubber.....	77
(2) Timber (softwood \$19 million, hardwood \$8 million, constructional plywood \$29 million plus miscellaneous).....	63
(3) Raw cotton.....	62
(4) Tires (for military end use).....	30*
(5) Paper and paper board (for military end use).....	20*
(6) Agricultural machinery (\$5 million) and open cast mining equipment (\$5 million)..	10
(d) Approved program Nov. 17.....	<u>284</u>
(e) Cut-backs and disapproved.....	2

Minor reductions occurred in the requests for constructional plywood, tire fabric, and a number of chemicals.

3. Shipping

(a) Original British request.....	993
(b) Revised British request made in the light of the recently completed Review of United Nations Oil and Tanker Position. The revision represents chiefly a reduction in the original claim for freight charges on oil cargoes from \$300 million to \$190 million....	872

Principal items:

(1) Freight on dry cargo (\$227 million) and oil (\$190 million) carried in ships allocated by WSA to British Empire program.....	452
(2) Other freights for cargoes, including military mail, carried in U.S. controlled ships.....	40
(3) Coastal vessels under construction (30 dry cargo coasters of 5,800 tons each, 20 coastal tankers of 30,000 bbls. capacity each, 26 Baltic-type coasters of 2,800 tons each and 35 additional coastal tankers of 10,000 bbls. capacity each).....	140

These requests were approved by the War Department who will also handle procurement.

(Millions of dollars)

The 76 vessels under construction will be ready for delivery between Dec. 1944 and July 1945 and the total cost is estimated at \$102 million.* Designs for the 35 small tankers have not yet been drafted but cost is very roughly estimated at \$35 million.

(4) Services and supplies for British-controlled merchant vessels.....	111	
(5) Repairs, defense fittings, etc. to British-controlled vessels in U.S. ports.....	90	
(c) Approved program Nov. 17.....		<u>772</u>
(d) Cut-backs and disapproved.....		100

Principal reductions were in freight charges. Of the request for coastal vessels the \$102 million for those already in construction was approved by FEA.* The request for 35 small tankers has been neither approved nor disapproved as the cost has not been accurately estimated. There were no reductions in the service and repair items.

4. Oil

(a) Original British request.....		475
(b) Revised British request made in the light of the recently completed Review of the United Nations Oil and Tanker Position and also because it was decided to permit some reductions in existing stocks in the U.K....		338

Principal items:

(1) Aviation spirit.....	11
(2) Motor spirit.....	121
(3) Kerosene.....	24
(4) Gas-Diesel and fuel.....	60
(5) Crudes, lubricating and other.....	147

(c) Program conditionally approved Nov. 17.....		338
(d) Cut-backs and disapproved.....		None

FEA believes that British oil stocks are unduly high. Therefore the above figure, if accepted, will be only a financial figure, and what is actually supplied will depend upon later and continuing discussions concerning British stocks. The tentatively approved program of \$388 million assumes that the reduction in stocks proposed by the British (from 7.3 million bbls. to 5.75 million bbls.) takes place in Phase II. The U.S. has proposed that stocks be reduced from 7.3 million bbls. to 2.65 million bbls. in Stage II and if this proposal were accepted the lend-lease program could be cut to \$220 million. If the reduction proposed by the U.S. were to take place partly in Stage I and partly in Stage II the lend-lease program would amount to about \$305 million.

* The U.S. Army desires to take over these 76 vessels for its own use. If this is done the vessels will not be available for lend-lease to the British. Final decision on the Army request has not yet been made.

(Millions of dollars)

III. Dominions and India1. Munitions

(a) All munitions for the Dominions and India are included in the U.K. requirements except certain categories of aircraft and components for Australia and New Zealand which are in effect required by the U.S. Command in the South Pacific. The British estimate the probable value of these items at: Australia, \$200 million and New Zealand, \$60 million.....

260

(b) Negotiations not completed.

2. Non-Munitions

Note: Shipping and oil requirements for the Dominions and India are included in U.K. requirements. All other non-munitions are subject primarily to direct negotiations between the U.S. and governments concerned, although in some matters the U.K. has a direct financial interest.

A. Australian requests.....

124.7

(1) Principal items:

Food and tobacco.....	7
Raw materials, especially tin plate used in canning for the forces and timber, pulp and paper, raw cotton and chemicals all used for war purposes.....	51
Manufactured articles especially trucks and automobiles and agricultural implements used to further the war effort.....	44

(2) Approved program for Australia Nov. 17.....

103.5

(3) Cut-backs and disapproved.....

21.2

The reductions were chiefly in civilian tobacco and in a miscellaneous list of items requested on the basis that U.S. definitions of "capital goods" and "civilian goods" and other criteria of eligibility ought to be relaxed. The U.S. authorities did not share this view.

B. New Zealand requests.....

18.7

(1) Principal items:

Carbon, steel and tin plate for war purposes..	5.5
Tobacco for the Forces.....	1.2
Automobiles, trucks and parts.....	2
Agricultural equipment.....	3

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(Millions of dollars)

(2) Approved program for New Zealand.....	18.1
(3) Cut-backs and disapproved.....	.6
C. <u>Indian requests</u>	125.3
(1) Principal items:	
Industrial and agricultural machinery equipment and supplies.....	40.7
Metals and minerals.....	23.5
Lumber products.....	4.5
Textiles.....	10
(2) Approved program for India.....	101.4
(3) Cut-backs and disapproved.....	23.9

Reductions in the Indian program occurred chiefly in the capital items. Included in the Indian requests are \$30 million of locomotives and freight cars said to be essential to the war effort. These items were approved subject to the provision that they be paid for in cash and the value of the war use as determined in later negotiations to be the basis for the proportion of the \$30 million to be lend-leased.

3. Military Reciprocal Aid from Dominions and India.

The U.S. and U.K. members of the Army Ground and Air Subcommittees have agreed, except as to one reservation. This reservation is that our approval of these programs will not be forthcoming unless the British agree to underwrite the cost of reciprocal aid to be supplied our Armed forces from the Dominions and India. In making the reservation our Army sought to insure that reciprocal aid would be forthcoming from Australia and India for U.S. troops in different parts of the Pacific Theater and that there would not be long negotiations as to whether the United Kingdom or the Dominions were supposed to pay for such aid.

The British will not agree to this condition. However, it is believed that they and the Dominions and India will agree to language which will insure the supplying and financing of the reciprocal aid which is to be made available by the Dominions and India.

Since the end desired can be achieved by other means, there should be a top decision to strike out the reservation inserted in the Army schedules. A further reason for such action is that the lend-lease aid supplied by the U.S. to various countries has not hitherto been contingent upon a certain quantity of reciprocal aid to be furnished in return. It has been agreed by all parties that each is supposed to furnish to the other what he is able to, in accordance with the requirements of the war.

IV. Lend-Lease Policy

The U.K. intends to devote its resources to the full prosecution of the war until the final defeat of both Germany and Japan, but a change in military demands with the end of the war in Europe will make possible an expansion of British exports in some lines without interfering with war production. Under the White Paper of 1941 Great Britain agreed not to export items similar to those supplied under lend-lease or items manufactured from lend-lease materials. The substantial reduction in lend-lease aid in the new program which goes into effect on Jan. 1, 1945 includes the removal from lend-lease of a number of raw materials and manufactured products, and these changes will permit some expansion of British exports while maintaining to the full the spirit of the White Paper.

The British and American representatives have agreed on the principles to cover these new conditions arising out of the reduction in the lend-lease program (a statement of agreement is attached and a statement for release to the press is in preparation.) No lend-lease articles, articles identical thereto or items fully substitutable for lend-lease articles will be exported in commerce except under special and limited conditions. Articles of lend-lease origin already in the U.K. which are no longer supplied under lend-lease in the new program will be used exclusively for military purposes. The U.K. will not use raw materials received under lend-lease or drawn from lend-lease stocks to an amount greater than is needed for military or essential civilian war purposes within the U.K. As to other articles previously included under lend-lease but not included in the new program, the British will pay cash for any new deliveries made after December 31, 1944.

V. Additional British Requests for the Purpose of Safeguarding their Dollar Position

In a special supplementary request the British have asked for the return to lend-lease of a considerable number of items removed from the program in the past and for additions to lend-lease of some items that have not heretofore been considered eligible. They also request various adjustments on past transactions which would have the effect of augmenting their dollar resources or reducing their dollar expenditures. The total of these requests is in excess of \$700 million. As shown in the following tabulation, the U.S. group has accepted proposals aggregating, after reductions which we think appropriate, approximately \$200 million. These approvals are subject to the qualifications which are stated as a footnote to the tabulation and to the general conditions which are being agreed for the non-munitions programs.

The remaining items in this special supplementary request are deferred for further investigation and consideration. Of these, the largest items are: (1) airplanes and engines purchased by the U.K. but subsequently taken over by the U.S. Army (\$224 million); (2) tobacco for civilian use removed from lend-lease at a time when British stocks were thought to be adequate (\$110 million); and (3) off-shore sugar once on lend-lease but now being purchased for cash (\$64 million).

In the opinion of the War Department it is impossible to consider the request for the \$224 million for aircraft take-outs or any portion of it and the British have been so informed. The tobacco and sugar items are under further consideration but FEA feels that these are highly vulnerable politically and that they should not be conceded.

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In general the U.S. technicians are of the opinion that the British have considerably overstated the magnitude and seriousness of the decline in their gold and dollar reserves that may be expected to occur during the coming year. The British themselves admit that their prospective external financial position, though grave, is not desperate. Accordingly, we should not feel obliged, under present circumstances, to concede these requests for dollar relief where that would mean incurring unnecessary political risk.

Summary of Special Requests Conceded*

(Millions of dollars)

<u>Item</u>	<u>Requested</u>	<u>Reductions</u>	<u>Accepted (subject to conditions as stated)</u>
1. Dollar expenditures relating to oil			
For 1945: crude, and oil-field expenses	76	54	22
For 1944: crude, and oil-field expenses	16	0	16
2. Ocean freights on non-Lend-Lease Government cargoes	25	0	25
3. Food program: possible additions	30.5	2	28.5
4. Repair, equipment and replacement of bomb-damaged homes			
Equipment	10	0	10
Emergency housing	45-72	(-5) -22	50
5. Take-outs of capital facilities	38	0	38
6. Rubber (pre Reciprocal Aid)	11.8	0	11.8
7. Suez Canal Dues	<u>1.3</u>	<u>0</u>	<u>1.3</u>
TOTALS	263.6- 287.6	51-73	202.5

* Additional Conditions with Respect to the items Conceded:

a. Dollar expenditures relating to oil

The request is accepted only for (1) that part of the crude oil which is purchased in 1945 for dollars from American companies in Venezuela and Saudi Arabia and which is used in refined form for war and essential lend-leaseable purposes in the British Empire or supplied to the U.S. on Reciprocal Aid; and (2) that part of the crude oil similarly purchased and used in 1944 subsequent to the date when such oil was made available to the U.S. on Reciprocal Aid. The preliminary figures given in the tabulation above may therefore prove, on detailed examination, to be too high.

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b. Ocean freight on non-Lend-Lease government cargoes

Accepted only for food and items for direct military use when carried in American bottoms from U.S., Canadian or Caribbean ports. The preliminary figure given in the tabulation above may prove, on detailed examination, to be too high.

c. Additions to food program

Accepted in principle except that essential oils, chewing gum base, and hops for beverage use are disapproved, and that certain other items may prove undesirable to provide on Lend-Lease. Freight charges covered in other programs.

d. Repair, equipment and replacement of bomb-damaged houses

Miscellaneous equipment: accepted in principle, subject to review of specific programs when presented. Emergency housing: accepted in principle if of emergency type.

e. Take-outs of capital facilities

Accepted in principle, subject to review of arrangements previously made, valuation of the facilities, and availability of funds.

f. Rubber (pre-Reciprocal Aid)

No comment.

g. Suez Canal Dues

No comment.

TOP SECRET4th DRAFT As Amended in Joint
Meeting with the British in
Secretary's Office, Nov. 11, 1944Use of Lend-Lease ArticlesA. Effective Date

The date of initiation of the principles stated below will be January 1, 1945. The United Kingdom reaffirms its intention, however, to devote its resources to the full prosecution of the war against both Germany and Japan, and to undertake no general reconversion of industry or expansion of exports before V-E Day.

B. Restrictions on Use of Lend-Lease Articles

1. No Lend-Lease articles delivered to the United Kingdom, or items identical thereto, or items fully substitutable therefor, will be exported in commerce except as provided below. This restriction will not apply to those types of articles which are provided in substantially equal values under both the Lend-Lease and the Mutual Aid programs, nor to exports of items identical to items which are components of, or accessories to, articles delivered on Lend-Lease terms, nor to exports of articles containing as components or accessories items identical to those delivered on Lend-Lease terms.
2. Stocks held in the United Kingdom of Lend-Lease articles of types which will no longer be supplied after December 31, 1944 will be set aside for military use or the production of articles for such use.
3. The United Kingdom will not in any calendar year use raw materials, received from the United States on Lend-Lease terms and drawn from Lend-Lease stocks of such materials held in the United Kingdom, in total amounts greater than those which are required in such period for military production and for essential civilian war purposes in the United Kingdom.
4. No articles supplied to the United Kingdom on Lend-Lease terms for use by the armed forces will be diverted to civilian use.

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5. The provisions of the foregoing paragraphs may be waived only with the consent of the United States.

C. Payment for Articles Taken off Lend-Lease

The United Kingdom will in general pay cash for required articles no longer supplied on Lend-Lease terms but delivered after December 31, 1944, and will meet cancellation charges on undelivered articles requisitioned on Lend-Lease terms but not required, in accordance with the proposals set out in the attached Annex.

The United States and the United Kingdom will both endeavor to assure to the extent practicable that neither United States nor United Kingdom exporters receive undue competitive advantage over the other as a result of the war situation.*

* This sentence was part of paragraph D of the third draft, the remainder of which was deleted by agreement. It was not decided where in the present version the sentence should appear or whether it should have any caption.

ANNEX

Terminal Date Arrangements for Handling Non-Munitions
Items of Types Which Involve United Kingdom
Export Problems

1. Goods which the United Kingdom does 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 material for which the supplier has requested instructions for forwarding, or, in the absence of such request, material which the United States Procurement Agency concerned determines to be available for forwarding by the 1st January, 1945 -- will 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 the 1st January, 1945, have not reached the point of being available for forwarding in the sense of the foregoing paragraph will fall outside the scope of (a) and (b) above, and will be treated as follows:-

- i. With respect to goods covered by approved Lend-Lease requisitions filed on or after October 1, 1944, cancellation charges, if any, will be paid by the United Kingdom, or the goods will be taken and paid for by the United Kingdom.
- ii. With respect to goods covered by Lend-Lease requisitions filed before October 1, 1944, cancellation charges, if any, will be charged to the United Kingdom Lend-Lease account in accordance with usual practice.

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2. Goods taken off Lend-Lease but of which the United Kingdom will need supplies in 1945.

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

HOLD FOR RELEASE

HOLD FOR RELEASE

HOLD FOR RELEASE

NOVEMBER 18, 1944

CAUTION: The following radio address of the President, to be broadcast in connection with the opening of the Sixth War Loan Drive, MUST BE HELD IN CONFIDENCE until released.

NOTE: Release to editions of all newspapers appearing on the streets NOT EARLIER THAN 10:00 P.M., E.W.T., Tomorrow, SUNDAY, NOVEMBER 19, 1944. The same release also applies to radio announcers and news commentators.

CARE MUST BE EXERCISED TO PREVENT PREMATURE PUBLICATION.

STEPHEN EARLY
Secretary to the President

The Sixth War Loan Drive starting tomorrow is something more than just a money raising affair.

We cannot all fight the enemy face-to-face. We cannot all produce the weapons and raw materials so vital to our armed forces.

But there is one front on which all of us -- every man, woman and child -- can serve, and serve for the duration. We can all practice self-denial. We can all sacrifice some of our comforts to the needs of the men in service; and yes, even some of our needs to their comforts.

The war in this present month of November alone will cost us seven and one-half billions of dollars. That is two hundred and fifty millions a day.

That is why every War Bond you buy is so important.

The war is not over -- no, not by many a costly battle. While we have every reason to be proud of what has been done -- even optimistic about the ultimate outcome -- we have no reason to be complacent about the tough road which still lies ahead.

We have just been through a wartime election, demonstrating to the people of the world the deep roots of our democratic faith.

The Sixth War Loan, I am confident, will be a further example of democracy in action in a world at war.

There is an old saying about sticking to the plow until you have reached the end of the furrow. Every rule of common sense and patriotic thought makes that maxim applicable to our conduct in this war.

In the name of our wounded and sick, in the name of our dead, and in the name of future generations of Americans, I ask you to plow out this furrow to a successful and victorious end.

6:30 -

Secretary of the Treasury
Henry Morgenthau Jr
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MEET YOUR NAVY

PROGRAM TITLE

RAYTHEON MFG. CO.

ADVERTISER

AGENCY

WRITER

SATURDAY, NOVEMBER 18, 1944

DAY & DATE

7:00 - 7:30 PM GWT BLUE Lcl.

TIME

PRODUCTION NOTES

CHARACTERS

CAST

SOUND

REMARKS

MASTER Attached as broadcast:

This copy represents as accurately as possible the program. All alterations made in dramatic and/or musical content are contained herein.

Orchestra Leader

Production Director

Announcer

Agency Producer or Announcer

1 ORCHESTRA: DRAMATIC OPENING PHRASE -- MODULATE UNDER
2 VOICE 1: From Navy Pier, Chicago --- at the Navy's great Sixth
3 War Loan exhibit -- "The Pacific Theater" -- it's time
4 to MEET YOUR NAVY!
5 ORCHESTRA: ANOTHER DRAMATIC PHRASE -- MODULATE UNDER
6 VOICE 2: Admiral Ernest J. King is aboard tonight with a message
7 of vital importance.
8 ORCHESTRA: ANOTHER DRAMATIC PHRASE -- TIMPS BUILDING UNDER
9 VOICE 1: And you'll keep up with the laughs, yarns, songs and
10 opinions of Navy men from forty-eight states -- back
11 from battle or on their way -- who welcome you now to
12 MEET YOUR NAVY!
13 ORCHESTRA: PAYOFF
14 AUDIENCE: APPLAUSE, WHISTLING, CHEERING, FADE UNDER
15 ORCHESTRA: THEME -- FADE AND HOLD UNDER
16 ANNCR: Network time for MEET YOUR NAVY is provided by the Raytheon
17 Manufacturing Company, whose facilities are completely
18 devoted to the manufacture and development of electronic
19 equipment and tubes for the armed forces. The sixteen
20 thousand men and women of the Raytheon Manufacturing
21 Company now proudly invite your marines, coastguardsmen
22 and Navy sailors to take full command of this network half
23 hour. So climb aboard now and each week at this time to
24 MEET YOUR NAVY!
25 ORCHESTRA: THEME UP TO FINISH

1 AUDIENCE: APPLAUSE, WHISTLING, CHEERING, FADE UNDER
2 BJA: (BREEZILY) Ahoy, ahoy America -- and a welcome aboard
3 from your bluejacket announcer for tonight's MEET YOUR
4 NAVY rendezvous! This evening we're anchored at Navy
5 Pier, Chicago, where your Navy's gigantic Sixth War Loan
6 Exhibit, "The Pacific Theater" is underway at this moment!
7 LARRY: Thousands of folks from the great middlewest have
8 gathered here tonight to see captured enemy equipment,
9 planes and ships --- side by side with the might of your
10 Navy , on land, on sea and air!
11 BJA: But wherever you are from coast to coast here's a radio
12 ticket to join the audience in the exhibit auditorium,
13 as on the convert stage WAVE Jane Sanderson and Bluejacket
14 Jack Kilty team up with our all Navy band to sing.....
15 "The Trolley Song".....
16 DUET & ORCHESTRA: "TROLLEY SONG"
17 AUDIENCE: APPLAUSE, WHISTLING, CHEERING, FADE UNDER
18
19
20
21
22
23
24
25

1 BJA: Nice going, shipmates -- that was swell! Here at Navy
 2 Pier, Chicago, friends, the impressive Pacific Theater
 3 exhibit is dominated by a huge colored map of the Pacific,
 4 with red lights representing Jap-held areas, and white
 5 lights representing our own advances -- our stepping
 6 stones to victory. The purpose of "Pacific Theater"
 7 is to show what those tiny white lights mean in terms
 8 of men, supplies, equipment, guns, ships and ocean
 9 distances to emphasize again that this war needs
 10 continued support at home in terms of hard work -- and
 11 yes, money. It is my privilege now to present the man who
 12 has the heavy responsibility of seeing that this money,
 13 in terms of war bonds, is provided... the Secretary of the
 14 Treasury, the Honorable Henry Morgenthau.....

15 MORGENTHAU: SPEAKS AND INTRODUCES KING
 16 MUSIC: RUFFLES AND FLOURISHES
 ADMIRAL KING: SPEAKS
 17 AUDIENCE: APPLAUSE, WHISTLING, CHEERING, FADE UNDER

18 ORCHESTRA: PAYOFF

19 BJA: Thank you Admiral Ernest J. King!

20 ORCHESTRA: INTRO TO "AN HOUR NEVER PASSES" -- HOLD UNDER --

21 BJA: Now here's the rhythm section of our all Navy orchestra,
 22 with a bluejacket vocalist featured in one of the most
 23 popular ballads of the day... "An Hour Never Passes."

24 VOCALIST & ORCHESTRA: "AN HOUR NEVER PASSES"

25 AUDIENCE: APPLAUSE, WHISTLING, CHEERING, FADE UNDER

1 **BJA:** Thank you, men, that was a handsomely done.
 2 Reporting now, on MEET YOUR NAVY, is that combo of
 3 shipboard favorites ... "The Buccaneers." With the help
 4 of a washboard and a few effects that aren't strictly
 5 orthodox, they're ready to give us a G. I. version of
 6 "Yankee Doodle Dandy"

7 **BUCCANEERS:** "YANKEE DOODLE DANDY"

8 **AUDIENCE:** APPLAUSE, WHISTLING, CHEERING, FADE UNDER

9 **BUGLE:** CHURCH CALL -- FADING UNDER --

10 **BJA:** The sound of a bugle blowing church call once more
 11 brings the men of our MEET YOUR NAVY choir together to
 12 sing a hymn based on the simple prayer that expresses
 13 our need every day of our liveswhether in peace or
 14 in war. (BUGLE OUT -- ORGAN IN) Chief Specialist John
 15 Carter joins the men of the choir in "The Lord's Prayer"....

16 **CARTER & CHOIR:** "THE LORD'S PRAYER"

17 **BJA:** Thank you, Chief Carter, and men of the all Navy choir.

18 **ORCHESTRA:** INTRODUCTION TO "MAGIC IS THE MOONLIGHT"

19 **BJA:** And now, here's our shipboard convert orchestra with a
 20 song that Navy bands are playing beneath the night-time
 21 skies of faraway lands ... a song about the magic in the
 22 moonlight ...

23 **ORCHESTRA:** "MAGIC IS THE MOONLIGHT"

24 **AUDIENCE:** APPLAUSE, WHISTLING, CHEERING FADE UNDER

25 **ORCHESTRA:** BILL THOMPSON RUN-ON MUSIC

~~BILL THOMPSON SPOT~~~~ORCHESTRA: PAYOFF MUSIC~~~~AUDIENCE: APPLAUSE, WHISTLING, CHEERING, FADE UNDER~~~~BJA: (APPROPRIATE COMMENT)~~

Now, our all Navy show steams ahead as an octet of WAVES
and sailors bring you their special arrangement of ...
"Any Bonds Today"

OCTET & ORCHESTRA: "ANY BONDS TODAY"

AUDIENCE: APPLAUSE, WHISTLING, CHEERING, FADE UNDER

BJA: Well done, Navy WAVES, sailors, and men of the all Navy
band. Now friends of MEET YOUR NAVY, stand by while
we chart our cruise for next week.

ORCHESTRA: THEME FADE WELL UNDER

ANNCR: MEET YOUR NAVY comes to you each Saturday night at this
same time with the network facilities provided by the
Raytheon Manufacturing Company, whose four divisions
are completely devoted to the manufacture and development
of electronic equipment and tubes for the armed forces.
When you think of electronics think of Raytheon, and be
our guest next week, won't you?

APPLAUSE: AND MUSIC UP AND UNDER

1 BJA:

Your bluejacket announcer again, friends, reporting that
our next week's cruise is charted. Be sure to climb
aboard next Saturday, same time, same station when MEET
YOUR NAVY will bring you more songs and laughs by Navy
me --- and _____

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MEET YOUR NAVY, the all Navy show of the air is dedicated
to Navy men and women and their loved ones at home to whom
we say"Goodnight".....

ANNCR:

This is the Blue Network.

bk: 11/15/44

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Reading copy of Secretary's speech
at Chicago, 11/18/44, on Navy program.

Admiral Woodward

Navy pier. If every taxpayer could see
~~the show~~ I am sure they would be
 thrilled as I was.

Last June, just as the Fifth War Loan Drive began,
 the first Navy planes were wheeling in over Saipan.
 Three days later, the first assault waves of Marines
 landed and the Battle of the Marianas was in full swing.
 Since that time - ~~between these two War Loan Drives~~ -
 our armed forces have driven another 1600 miles farther
west to the Philippines, deep into the ocean which the
 Japanese had boasted was their own forever.

The Philippine landings are one milestone in the
fastest moving offensive in the history of warfare.
 Since a year ago, our forces in the Pacific have driven
 the Japanese back 4,000 miles. No other Nation ever
 imposed on an enemy so rapid and humiliating a retreat.
 All America honors the Naval forces which spearheaded that
 offensive, and the Treasury joins in hearty tribute to them.

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- 2 -

I feel especially honored to appear on the "Meet Your Navy" program with Admiral King.

The forces under Admiral King's great leadership have given the people of the Nation an inspiring example of daring and decisive action. It is now up to us to support that action by an equally spirited and decisive response to the current War Bond Campaign.

At no point during its tremendous westward advance has the Navy ever had to look back over its shoulder to see whether the people at home were furnishing the money necessary to pay for the attack. Our Navy, Army and Air Force have always been sure that the people at home would give them all the money they need to lick our enemy. I know the Sixth War Loan Drive will be another similar reassurance to them. //

- 3 -

Constructing and manning the Navy which carried out this Pacific offensive, and which, at the same time, with the aid of our Allies, cleared the Atlantic for our Army's invasion convoys, has been a costly undertaking.

In the past four and a half years, this Nation has spent 69 billion dollars for its Navy - and every dollar has been well spent.

Parade Let us look for a minute at the cost of a single naval operation. Take, for example, the Marianas campaign. The naval force which participated in this single operation represented an investment by the American people of well over five billion dollars.

- 4 -

Of course, this investment in ships and planes and guns will be used again and again, and cannot be charged up as the cost of conquering Guam, Saipan, Tinian, and the other Mariana Islands. But we did pay out almost a billion dollars - \$997,000,000, as nearly as we can estimate it - for the Marianas operation alone.

In the first place, there were the advance bases in the Marshalls and elsewhere where the invasion forces assembled before shoving off for their strike 1500 miles westward. These bases cost \$112,000,000.

- 5 -

Second, there was the cost of sending out the great armada of ships, which amounted to another \$129,000,000. Of this amount, by far the largest part was for losses, repair, and maintenance of the vessels themselves. Nineteen million dollars was necessary to pay for the fuel and lubricants used by these ships. ^{1/2}

Third, this great assemblage of ships carried with it its own umbrella of air power plus a striking force of aircraft which knocked Japan's land-based air power out of the air. The cost of operating this huge Naval air force during the Marianas campaign is estimated at about \$199,000,000. Here again the principal cost was losses, repairs, and maintenance, while additional millions were spent for fuel and lubricants for the planes.

By far, the most valuable component of this Navy striking force was the men who fought the ships and flew the planes. Their pay, equipment, medical supplies, and food cost \$439,000,000. To feed this great force for the six weeks of the Marianas campaign cost \$29,000,000.

Finally, before the Marines and Army landed, the Marianas Islands were subjected to tremendous air and surface bombardment, and this bombardment continued in support of our landing operations after the invasion was under way. All told, throughout the campaign, our Navy's ships and planes pumped about \$133,000,000 worth of bombs and shells into Guam, Saipan, Tinian, and their adjacent islands.

- 7 -

The ground force shot up another \$19,000,000 worth of ammunition. I am sure every one will agree that the enormous Navy plane and surface bombardment represented money well spent because it leveled the enemy defenses and saved American lives. 3/4

This heavy and costly bombardment in the Marianas is merely one example of what Admiral King and General Marshall tell me is a firm American war policy. That policy is to save the expenditure of lives by the expenditure of ammunition and materiel. Such a policy requires huge sums of money - money raised in bond drives like the one now beginning - in order to give our Army and Navy and Air Forces the utmost in weapons and equipment.

The cost will mount. It will mount because now in this world-girdling war we are truly at grips with our enemies - in the forests before Cologne, at Metz, in Italy, on Leyte, ^{and} in the Philippine sea. We are closing in on the citadels of the Nazis and the Japs. There may be a hundred Aachens, a hundred Leytes between us and final victory. That is why there must be a Sixth War Loan Drive and a Seventh and perhaps an Eighth before this war is won.

I know this Bond Drive will succeed. But the spirit in which it succeeds is as important as success itself. Let us go about this drive in a spirit which will warm the hearts and steel the wills of the fighting men on every front.

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HEADQUARTERS OF THE COMMANDER IN CHIEF
UNITED STATES FLEET

Admiral King's speech for Chicago Navy Exhibition
on November 18th.

CHICAGO NAVY EXHIBITION - RADIO PROGRAM ADDRESS

Secretary Morgenthau, Admiral Woodward, Ladies and Gentlemen:

It is a pleasure to appear tonight in behalf of the Sixth War Loan Drive. While no previous bond drive in this war has been conducted in such an atmosphere of victory in battle, it must not be forgotten that victory in war, both in Europe and even more so in the Pacific, has yet to be won. It must not be forgotten that victory in the Philippines has been costly in ammunition, in lost ships and damaged ships, and in aircraft that will never fly again. It must not be forgotten that as we get closer and closer to Japan our task becomes more difficult. It must not be forgotten that we will need more ships, more planes, more ammunition and the money to pay for them.

The Navy's recent air-sea victories in the Philippines and the success of our efforts in Europe have climaxed a series of advances on all fronts during the past 12 months.

Within the past year our mobile land, sea and air forces have carried the battle of the Pacific some 3,000 miles to the westward - from the Gilberts to the Philippines. Meanwhile, in the Atlantic, the war at sea is tapering off, except for the ever present threat of renewed U-boat activity.

The war today is well ahead of our expectations of last year. This should stimulate rather than sap our determination to carry on with every means we can muster. I have said before, and I repeat - there is no easy way to victory in the Pacific even after the European war is over. There is a rough and difficult road ahead!

The very speed of our advance has created for the Navy new production problems. Our accelerated operations are placing a heavy strain upon reserves of certain vital items, and production of these items is falling behind mounting requirements.

For example, assault transports and supply vessels which traverse the wide expanses of the Pacific carrying battle troops and their battle equipment to enemy beach-heads are not being produced rapidly enough to enable us to maintain our momentum.

Rockets are a major item in which we are "short". They have proved so effective, when launched either from ships or planes, that the production program has had to be expanded from 8 million dollars established in the first quarter of 1944 to 161 million the third quarter of 1945.

We are not getting enough high capacity ammunition - the kind that is used against shore installations. Experience has shown that extensive preinvasion bombardment saves American lives, and the Navy has therefore stepped up its production schedules to a 1945 peak that will exceed the recent production rate by about 50 per cent.

There are other production deficiencies; for example, deficiencies in wire cable, in maintenance parts for ships, and in the building of certain types of planes. Unless these deficits are wiped out, the tempo of our Pacific operations will be slowed down.

Many of the items I have mentioned, together with hundreds of others that are being shown in the Navy's exhibit, "Pacific Theater", here in Chicago on the Navy pier, give some idea of the wide variety of specialized equipment that is required for modern naval warfare.

These are the tools of victory that your war bond purchases have made possible - they must be supplied to the fleet in increasing quantities. In order to do that, your bond purchases must continue without abatement.

The Navy and the Army have not let you down in the conduct of the war. I am sure you will see to it that you do not let us down in providing the means wherewith to end the war!

11/18/42

Bob Hope -

TREASURY DEPARTMENT BROADCAST
 6TH WAR LOAN EXHIBIT
 NAVY PIER, CHICAGO

-
1. OPENING
 2. SKINNAY ENNIS ORCHESTRA - NAVY MEDLEY
 3. MR. CHARLES LUCKMAN
 4. HOPE MONOLOGUE
 5. HON. JENRY J. MORGENTHAU, JR.
 6. NAVY CHORUS
 7. PRESENTATION OF AWARD BY ADMIRAL WOODWARD
 8. FRANCES LANGFORD & ORCHESTRA
 9. COLONEL G. McGUIRE PIERCE TALK
 10. HOPE CLOSING
 11. "STAR SPANGLED BANNER" - LANGFORD, CHORUS & ORCH.

*To Hon. Henry J. Morgenthau
 Special meeting you
 this way.
 Bob Hope
 Thanks!*

SCENE 1

ORCHESTRA: "ANCHORS AWEIGH"

ANNOUNCER: Tonight from Navy's Great War Bond Exhibit, the Pacific Theatre at Navy Pier, Chicago, we bring you a special coast to coast broadcast....You will hear an important message from the Secretary of the Treasury, the Hon. Henry J. Morgenthau, Jr., songs by Frances Langford ... Admiral..... Woodward decorating a Navy hero ... a stirring message by Col. G. McGuire Pierce, U. S. Marine Corps.... and the favorite of millions of G-I's the world over ... BOB HOPE!

(APPLAUSE)

NAVY Medley
ORCHESTRA: "THANKS FOR THE MEMORY"

SCENE 1-A

ANNCR: That was Skinny Ennis and his orchestra playing a special arrangement of a medley of Navy Tunes. It is now with great pleasure that I introduce to you the ~~Chairman~~ of the Chicago 6th War Loan Drive, Mr. Charles Luckman who will introduce our Master of Ceremonies for this evening.....
Mr. Luckman.....

MR. LUCKMAN:

It is my privilege tonight to introduce your Master of Ceremonies - a friend of mine who has brought countless joy to our fighting men and women - in England, Africa, Italy, Australia, the South Pacific and throughout America .. to countless G-I's he is the guy with the turned up nose who has turned up with a laugh, when a laugh was needed most - a really great patriot - America's Number One soldier in grease-paint...Bob Hope!

ORCHESTRA: "THANKS FOR THE MEMORY"

(APPLAUSE)

*Luckman rules
He is responsible for
the opening*

HOW DO YOU DO, LADIES AND GENTLEMEN, THIS IS BOB "BROADCASTING FROM THE SIXTH WAR LOAN EXHIBIT ON NAVY PIER IN CHICAGO" HOPE

.....I'M HAPPY TO BE HERE ON THIS SIXTH WAR LOAN PROGRAM WITH ADMIRAL KING AND MR. MORGENTHAUADMIRAL KING IS FAMOUS FOR HIS STRATEGY ON INVASIONS...AND MR. MORGENTHAU DON'T DO BAD, EITHER I..... I KNOW...I'VE BEEN A BEACHHEAD FOR YEARS NOW...HAVEN'T WE? I..... BUT I'M HAPPY TO BE BACK IN CHICAGO...I WAS HERE JUST A MONTH AGO... BUT I HAD TO RETURN...THE DEMANDS FOR MY RETURN WERE VERY PERSISTENT... IN FACT, I NEVER SAW SUCH A FUSS OVER A COUPLE OF TOWELS !!?..... BUT I LOVE TO BROADCAST FROM THE GOOD OLD WINDY CITY...WHERE ELSE CAN YOU LAY AN EGG, AND HAVE THE WIND ROLL IT IN FRONT OF ANOTHER COMEDIAN !!.....AND I LOVE BEING HERE IN CHICAGO... THE GIRLS ARE REALLY BEAUTIFUL...I MET ONE LAST NIGHT...SHE REALLY KNOCKS 'EM DEAD....FROM EIGHT TO FIVE OVER AT THE STOCKYARDS I..... SHE'S A SOCIETY GIRL...I KNOW...BECAUSE SHE OPENED HER BAG AND A PACKAGE OF BLUE BLADES FELL OUT I.....I CAME HERE TO CHICAGO BY TRAIN AND I HAD A NICE TRIP IN.....LUCKILY THEY GAVE ME A PRIORITY I HAD A PRIORITY NUMBER SIX DOUBLE A...THAT COMES RIGHT AFTER SPIES II REALLY HAD A BEAUTIFUL COMPARTMENT, BUT DURING THE NIGHT I GOT UP TO TURN ON THE LIGHT AND I KICKED OVER THE CUSPIDOR I..... BOY THAT TRAIN WAS REALLY CROWDED...I TOOK A DEEP BREATH AND THE CONDUCTOR IMMEDIATELY SOLD THE SPACE TO TWO NEW PASSENGERS !!..... SKINNAY ENNIS DIDN'T HAVE ANY PLACE TO SLEEP...SO WE TURNED ON TWO FANS AND THE CROSSWIND KEPT HIM IN MIDAIR ALL NIGHT I.....AND YOU SHOULD SEE THOSE PULLMANS I...THEY'RE EVEN CROWDED WITHOUT ELEANOR I

BUT I ALWAYS MAKE A COUPLE OF CLOSE FRIENDS WHEN I TRAVEL...THE GUY I SIT ON AND THE GUY WHO SITS ON ME !.....AND THE TRAINS NOWADAYS ARE REALLY ROUGH:...I SAW A BUNCH OF SOLDIERS SHOOT CRAPS FOR TWO HOURS WITHOUT TOUCHING THE DICE.....AND WHEN I WENT INTO THE DINER I HAD TO ORDER FOUR CUPS OF COFFEE BEFORE I COULD GET ONE IN THE RIGHT MOUTH !.....AND THE MANPOWER SHORTAGE IS REALLY SERIOUS...WHEN WE GOT TO ALBERQUERQUE THEY DIDN'T HAVE MEN WASH THE WINDOWS WITH THOSE POLES...THEY JUST PUT A COW ON ONE SIDE OF THE TRACK AND HER BOYFRIEND ON THE OTHER SIDE AND LET THEM PUCKER AS THE TRAIN WENT BY !.....WHEN I GOT OFF THE TRAIN YOU SHOULD HAVE SEEN THOSE AUTOGRAPH HOUNDS....I SHOOK HANDS WITH ONE AUTOGRAPH HOUND, AND HE WOULDN'T LET GO OF MY HAND...IT WAS ANWFUL...I FINALLY HAD TO GIVE HIM BACK HIS FOUNTAIN PEN !.....AND WHEN I WALKED OUT OF THE STATION A PANHANDLER WALKED UP TO ME AND SAID; "BUDDY CAN YOU LET ME HAVE FIVE DOLLARS FOR A PACK OF CIGARETTES?" I SAID, "FIVE DOLLARS FOR A PACK OF CIGARETTES?" HE SAID, "YEAH...I KNOW WHERE I CAN GET THEM WHOLESALE !".....BUT SERIOUSLY, CHICAGO IS TO BE CONGRATULATED FOR THEIR CONTRIBUTION TO THE BLOOD BANK....JUST BEFORE I LEFT HOLLYWOOD SINATRA GOT A LETTER FROM THE BLOOD BANK...HE'S OVERDRAWN AGAIN !.....CROSBY WAS DOWN AT THE BLOOD BANK THE OTHER DAY...HE WASN'T MAKING A DONATION...HE WAS TRYING TO BUY A COUPLE OF QUARTS FOR HIS HORSES !.....W.C. FIELDS WAS THERE...HE DONATED A FIFTH... HE'S GOT SO MUCH ALCOHOL IN HIS SYSTEM THEY USE HIS BLOOD TO STERILIZE THE NEEDLE !.....AND I SAW A GUY WALKING DOWN MICHIGAN AVENUE WITH AN AXE IN HIS HAND...I SAID, "THANKSGIVING TURKEY?" HE SAID "NO...I'M GONNA MAKE A PARKING SPACE FOR MY CAR !".....

I'VE BEEN BUSY GETTING A TURKEY MYSELF...I WANTED TO BE A REAL PIONEER AND SHOOT MY OWN TURKEY SO I TOOK MY RIFLE AND WENT OUT SEARCHING...I FINALLY MANAGED TO DRAW A BEAD ON ONE TURKEY AND I FIRED...IT WAS A BEAUTIFUL SHOT. IN FACT, EVERYONE IN THE BUTCHER SHOP APPLAUDED I.....BUT I WAS REALLY OUT IN THE WOODS AND I DECIDED TO SHOW WHAT A HUNTER I WAS, SO I DROPPED ON THE GROUND AND STARTED CRAWLING CAUTIOUSLY THROUGH THE GRASS...AFTER I DRAGGED MYSELF STEALTHILY FOR ABOUT A HALF A MILE...A TURKEY TAPPED ME ON THE SHOULDER AND SAID, "WHAT'S THE MATTER, BUD...STOMACHE ITCH?"..... BUT I FINALLY HAD TO BUY A TURKEY AND BOY WERE THOSE TURKEYS HIGH PRICED...I TOLD THE BUTCHER I WANTED FIFTY CENTS WORTH OF WHITE MEAT, AND HE GAVE IT TO ME...FIFTY CENTS WORTH OF WHITE MEAT...HE RUBS A PIECE OF CLEENEX OVER THE TURKEY AND YOU GET WHATEVER STICKS TO THE FUZZ I.....I FINALLY MANAGED TO BUY A TURKEY...I DON'T KNOW IF IT WAS SMALL OR NOT...BUT A CANARY FOLLOWED ME ALL THE WAY HOME SINGING, "IS YOU IS OR IS YOU AIN'T MY BABY !"

a man who knows what the war is all about because he has been on all the far flung battle fronts

HOPE: And now it is my pleasure and privilege to introduce the man who, during war-time, has the tremendous responsibility of being Secretary of the Treasury ... Hon. Henry J. Morgenthau, Jr., with a few impromptu but pertinent remarks on the 6th War Loan Drive.

HON:
MORGENTHAU:

This is the 6th War Loan Drive ... the SIXTH ... and we know that some of you may find that it is difficult to again make the extra effort to buy another bond. Sure, we know it's difficult to make the extra effort to buy another bond, but it's also difficult to crawl up-hill under machine-gun fire and then make those extra few feet to an enemy pill-box ... and this extra effort is being made by men who may be spending their lives tonight to make it possible for us to walk in of our own free will and buy a little piece of freedom that will still be good ten years from tonight. A Bond used to be a piece of paper ... with our Treasury's promise to pay twenty-five dollars on our investment of eighteen seventy-five. But now that war bond has come to life. It takes us by the hand and says, "I want you to go to Normandy with me, to Leyte, to Metz. I want you to cross the low-lands with me in eleven thousand planes, to jump with me in thousands of parachutes.

SCENE 1

and to go and see Morgenthau a real man a fellow traveler

4 - 2

Together we'll capture bridges and blow up ammunition dumps and communications centers, and hold our ground while the rest of our boys get a toe-hold for freedom in the dark heart of Gestapo Land." Yes, that war bond started to talk to us on D-Day. We began to see that it was really our messenger of Victory that crosses the oceans to fight, while we stay here and work. And that bond represents our sons, our brothers, the husbands of our women. It knows all there is to know of fear and suffering.

It knows all the heroes, dead and alive. The bond is our past, all the sacrifice that created the finest security on earth ... a home in America.

And that bond is our future, the future that our boys think enough of to die for ... and if it's good enough to die for, it's good enough to pay for.

(APPLAUSE)

SCENE 5

HOPE: And now let's listen to a number sung by the great
90-voice Chorus from the Great Lakes Naval Training
Station....." _____ "

CHORUS & ORCHESTRA: " _____ "

SCENE 6 & 7

HOPE: (INTRODUCTION TO ADMIRAL WOODWARD.)

PRESENTATION OF AWARD TO NAVY HERO

FRANCES LANGFORD & ORCHESTRA: "I'LL BE SEEING YOU"

HOPE: That was Frances Langford singing "I'll be Seeing
to all you Chicagoans
You", and I hope "I'll Be Seeing You" here at
the 6th War Loan Exhibit, Navy Pier.

(Lt. Col. G. McGuire Pierce)

SCENE 8 Page 1

The Navy Exhibition at Navy Pier, Chicago, was intended primarily to assist the Treasury Department in its effort to secure funds for the purpose of carrying on the War through the Sixth War Loan...but it seems to me that this is only a part of the real purpose and the real benefits to be gained from this Exhibition. I like to think that the ultimate result of this Show is to bring to the consciousness of as many American people as possible, the fact that a tremendous job lies yet ahead of us in the Pacific.

Last year during the time of the Fifth War Loan, principal attention of the American people was focused on the Atlantic and Mediterranean. Subsequent successes in Europe caused a shift of attention in the minds of the average American to the Pacific Theatre, and an acceptance of an unsupported belief that the War in Europe was about over, and that with the collapse of Germany and her Allies and a re-distribution of our military forces to the Pacific, victory against the Japanese would be only a matter of months.

The Naval Hero who just received a medal from his country through Admiral King knows better than this and so does every man who has had any experience in fighting the Jap in the Pacific. Even should Germany collapse soon, there is no reason in the minds of the men who know, that will support the contention that Japan is to be a push-over. Ask the soldier, the sailor, the Coast Guardsman, or the Marine, who took part in any of the operations against the Japanese to date, and they will tell you a different story. They will tell you that the Jap is a fanatical and well-trained fighter, whose defeat is accomplished only with his death. There is no surrender, - there is no compromise.

The purpose of the Navy Exhibition is to bring to the people of Chicago and through the press and radio to the people of America, a message so vital in the interests of ultimate victory that no one can fail to gather its significance. "The Pacific Theater "Where the War Must be Won" is the title given to this Navy Show. I can speak only generally for the Show in its over-all aspects, but I can speak particularly for the Marines' part therein. As realistically as possible under the circumstances, we - the Marines - are attempting to bring to the people in our small way the importance of the job which lies ahead. In its series of 7 amphibious landings against the Island of Chi-Cogo, employing all of the types of latest Naval landing craft, flame-throwing tanks, bulldozing tanks, and other effective weapons, we will attempt to wrest from an imaginary Jap enemy a base for further operations.

We do not consider this a "show", for every man in the Marine Provisional Battalion who takes part in this maneuver considers it his personal job to show this as realistically as possible. Most of the men of this Battalion are veterans of the Pacific. They know how tough it is to land against an enemy held beach or island, but they are also conscious of the fact that unless this job is well done here, it will be equally difficult to show and convince the American people of the grimness, the suffering, and the hardship which lies ahead for all of us in order to secure complete victory.

So every man in this Battalion feels it his personal obligation, and his first duty to his buddies still out there and the hundreds of thousands yet to go, to bring to the people back home this story of how with the unity, the solidarity and effort on the home front, he might be able to reach his ultimate objectives

in the shortest time away from home, and with a minimum loss of lives. Every man who has served in the Pacific against the Japs knows that there is still a chance that this War might be lost, or that complete victory may not be secured if a lack of unity of understanding and effort does not exist on the production and home front here.

At the main Exhibition at Navy Pier, the Marines have gathered together their best combat photography. Two special motion pictures have been made to show how thoroughly our men are prepared for combat.

While we have exhibits of captured Jap equipment and ordnance, we have felt that this message from the Pacific can best be brought back to you by pictures. Therefore, in motion and in still pictures, Chicago will have an opportunity to see, as realistically as we know how, what war is really like. We have a Marine Jungle Outpost in which we have attempted to capture the gloom and the tenseness of the Jungle, where the enemy is unseen and all around. Here we have attempted to show all of the dirt, the grime, the mud, the rain, and the everlasting screech and chirp of unseen Jungle life. Here as much as is possible in Chicago in November, we have attempted to bring to those who see this Exhibit a message from those men in the Phillipines, in the Palaus, and in New Guinea, and everyplace else where our men are fighting in the Pacific area, for the necessity of an understanding here at home of how miserable the job is out there and how necessary it is that these men be supported in our every act, in our every thought, - not to soften the nastiness of their job and their life, but to insure ultimate victory over our enemy, without which this cannot be achieved.

TRIBUTE

SCENE 9

HOPE: FOLKS, TONIGHT WE SAW A BRONZE MEDAL PINNED OVER A SEAMAN'S HEART. YOU AND I WILL NEVER KNOW THE SACRIFICE AND THE COURAGE THAT MEDAL CALLED FOR. BUT WE DO KNOW THAT THIS VERY HOUR OUT ON THE FIGHTING FRONTS MEN ARE DOING THE DEEDS THAT WIN AWARDS OF VALOR... BECAUSE WITH ALL THEIR HEARTS THEY WANT VICTORY. AND WITH ALL THEIR HEARTS THEY WANT TO COME HOME.....BUT TONIGHT THE QUESTION IS --- HOW CLOSE TO OUR HEARTS IS VICTORY? BECAUSE IT TAKES OUR DOLLARS TO BUY THE BULLETS AND BOMBS THAT WILL BRING OUR BOYS HOME. AND WE CAN'T KID OURSELVES THAT IT'S ALL OVER BUT A LITTLE SHOOTING AND A LOT OF SHOUTING! THE CLOSER OUR BOYS SLUG TOWARDS BERLIN AND TOKYO -- THE TOUGHER THE GOING GETS FOR US...AND THE EASIER FOR THE ENEMY TO MAKE IT TOUGH. IT'S COSTING PLENTY TO HAND HITLER THE KNOCKOUT BLOW...BUT SLAPPING THE JAPS DOWN FOR GOOD WILL COST EVEN MORE! MORE SUPERFORTS...MORE THUNDERBOLTS...MORE TANKS...MORE OF EVERYTHING! AND THAT MEANS EACH OF US HAS TO BUY MORE BONDS THAN EVER BEFORE...SO THEY'LL NEVER FIND AMMUNITION RUNNING LOW...OR SUPPLY SHIPS COMING SLOW. THE 6TH WAR LOAN DRIVE STARTS MONDAY. IN THE NEXT FOUR WEEKS YOU AND I AND OUR NEXT DOOR NEIGHBOR HAVE GOT TO RAISE 14 BILLION DOLLARS. SO WHEN THE VICTORY VOLUNTEER CALLS...LET'S NOT HOLD BACK. WE'RE NOT SHOULDERING GUNS...SO LET'S SHOULDER THE PRICE OF ONE. LET'S SHOW OUR BOYS WE'RE COMING ACROSS FOR THOSE WHO HAVE GONE ACROSS FOR US!.....GOOD NIGHT.

SCENE 10

LANGFORD...
ORCHESTRA...

CHORUS: "STAR SPANGLED BANNER"

ANNOR: We have just presented a special broadcast from
the Navy's great War Loan Exhibit, the Pacific
Theatre at Navy Pier, Chicago, with _____

and Bob Hope as Master of Ceremonies.

THIS IS THE NATIONAL BROADCASTING COMPANY.

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Secretary's pencilled speech for Bob Hope
Program in Chicago - Nov. 18, 1944

THE PUMP ROOM
THE BUTTERY



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JAMES A. HART
MANAGER



AMBASSADOR HOTELS
NORTH STATE STREET AT GOETHE
CHICAGO

Thank you Bob Hope, as you know an hour ago I did not know that I was going on your program so I hope the Radio audience will bear with me.

First let me pay my sincere respects to all the Bob Hopes and radio ~~and~~ ^{and} screen ~~stars~~ and theatre stars who ^{have} given so generously of their talent and time not only to help us sell millions of bonds but the manner in which they

THE PUMP ROOM
THE BUTTERY



(2)

210
JAMES A. HART
MANAGER

AMBASSADOR HOTELS
NORTH STATE STREET AT GOETHE
CHICAGO

have travelled the globe to
bring entertainment to
our armed forces.

I need not tell you
we ~~are~~^{are} in the ~~the~~ eve
of a flaming war
on all fronts. The army
in Europe alone will
consume 55% more
munitions in December
than they did in June.
This will cost lots of
money
It has taken three years

THE PUMP ROOM
THE BUTTERY

211
JAMES A. HART
MANAGER



AMBASSADOR HOTELS

NORTH STATE STREET AT GOETHE
CHICAGO

(3)

of careful planning ^{to}
convert our nation from
a peace loving people
into one of the greatest
fighting forces in World.

The more ammunition
we can provide our forces
with, the ~~less~~ ^{fewer} lives will
be lost and ^{the} quicker
we will get this war
over and our sons home.

I'm ~~asking~~ giving
you the privilege and
believe ^{me} it is a privilege
to subscribe to at least

THE PUMP ROOM
THE BUTTERY

212

JAMES A. HART
MANAGER



AMBASSADOR HOTELS

NORTH STATE STREET AT GOETHE

CHICAGO

14 billions dollars worth
of Bonds it is the least
that we at home can
do to help win this
war.

I have been to the
front in Italy and France
and I have seen with my
own eyes ~~what our boys~~
the heroic effort our
armed forces are making
to defeat the enemy.

We must never let them
worry one split second

THE PUMP ROOM
THE BUTTERY

213
JAMES A. HART
MANAGER



AMBASSADOR HOTELS

NORTH STATE STREET AT GOETHE
CHICAGO

that we at home will not
cheerfully provide all
the money necessary
to win this war.

~~Let us all~~
~~buy \$5 millions of people~~
~~own bonds~~

The 6th War Loan starts
Monday. Let everybody
in this great country
of ours invest every dollar
he can spare in order
to guarantee ~~and~~ ^a steady
supply of munitions to
our boys in the armed forces.

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Reading copy of Secretary's speech on
Bob Hope program - Chicago - Nov. 18, 1944

1

Thank you, Bob Hope. As you know, an hour ago, I did not know that I was going on your program, so I hope the radio audience will bear with me, *because I am not sure if I can read my own handwriting*

First, let me pay my sincere respects to all the Bob Hopes and radio and screen stars who have given so generously of their talent and time, not only to help us sell millions of dollars of war bonds, but the manner in which they have travelled the globe to bring entertainment to our Armed Forces.

I need not tell you that we are on the eve of a flaming war on all fronts. The Army in Europe alone will consume 55 per cent more munitions this December than it did in June. This will cost lots of money.

It has taken 3 years of careful planning to convert our nation from a peace-loving people into one of the greatest fighting forces in the world.

The more ammunition we can provide our forces with, the fewer lives will be lost and the quicker we will get this war over and our sons home.

we are giving
~~In giving~~ you the privilege, and believe me, it is a privilege, to subscribe to at least 14 million dollars worth of bonds, it is the least that we at home can do to help win this war.

I have been to the front in Italy and France and I have seen with my own eyes the heroic effort our Armed Forces are making to defeat the enemy.

We must never let them worry one split second that we at home will not cheerfully provide all the money necessary to win this war.

The Sixth War Loan starts Monday. Let everybody in this great country of ours invest every dollar he can spare in order to guarantee a steady supply of munitions to our boys in the Armed Forces.

25

NOV 18 1944

Mr. Richmond F. Meyer
Chairman, War Finance Committee
District No. 6
Treasury Department
Box 1216
Poughkeepsie, New York

Dear Mr. Meyer:

Thank you for your letter of November 10, 1944, reminding me that I requested Mr. William Storm, Postmaster, Hopewell Junction, New York, to submit a memorandum relative to attaining authority for postmasters, in special cases, to forward United States War Savings Bonds by registered mail.

In this connection, there is enclosed a copy of my letter to Mr. Storm, under today's date, which is self-explanatory.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Enclosure

25

NOV 18 1944

Mr. William T. Storm
Postmaster
Hopewell Junction, New York

Dear Mr. Storm:

This will acknowledge your letter of November 11, 1944, calling attention to the loss, during the Fifth War Loan Drive, of two United States Savings Bonds dispatched by your office by first-class mail without registration. You suggest in your letter that the Treasury obtain permission from the Post Office Department to forward bonds between post offices, for rural delivery, by registered mail without registry fee.

As you probably know, prior to 1943, the Treasury forwarded all savings bonds on original delivery by registered mail. The volume of such deliveries became so large, however, that the Post Office Department requested, and this Department concurred, that a special penalty envelope should be designed for forwarding the bonds by ordinary mail, that would insure special handling by the Postal Service. I believe you will agree that if the instructions of the First Assistant Postmaster General, in Postal Bulletin of June 16, 1943, are closely observed, there should be small chance of loss in delivery.

The special penalty envelope was provided and the use of the registered mails discontinued not only as an economy measure but to relieve the problems of handling and delivery by the Postal Service. Under the circumstances you will understand, I am sure, my reluctance in suggesting to the Postmaster General that savings bonds should now be dispatched by registered mail without registry fee.

Your calling this matter to my attention is appreciated.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury



United States Post Office

WM. T. STORM, POSTMASTER
CATHERINE WHALEN, ASSISTANT

HOPEWELL JUNCTION, NEW YORK

OFFICE NO. 23021
THIRD CLASS

578

Nov. 11 1934

non. Henry Horneath, Esq.,
Washington, D.C.

My dear Mr. Horneath:

Since the last time I was in your office I issued some New Bonds, as the Post Office Dept. does not allow the free registration of these bonds until at another office, two bonds went to Stormville, N.Y. for a patron of the R.F.D. carrier of that office; these two bonds were probably taken from the patron's mail box by some one other than the owner as some other bonds mailed with these two were delivered.

Had this office been allowed free registration of bonds we would have had a record of the transaction from the time they left Hopewell until they were delivered by the Stormville carrier to the owner, this method would not have cost the Dept. any money.

MEMBER OF



United States Post Office

WM. T. STORM, POSTMASTER
CATHERINE WHALEN, ASSISTANT

HOPEWELL JUNCTION, NEW YORK

OFFICE NO. 23021
THIRD CLASS

In my opinion the trouble of issuing new bonds and the delay of delivery far outweighs the inconvenience caused the R.D. carrier in securing a receipt from the buyer, therefore I would suggest that your Department secure the permission of the Post Office Department allowing free registration when bonds are mailed to another office for R.D. delivery.

With kindest regards, I am

Sincerely yours,

Wm. T. Storm
Wm. T. Storm



OFFICE OF STATE CHAIRMAN
Box 1216

TREASURY DEPARTMENT

WAR FINANCE COMMITTEE
District 6
Poughkeepsie, New York



November 10, 1944

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

Dear Mr. Secretary:

You will remember that you asked Mr. William Storms, Postmaster of Hopewell Junction, to drop you a memorandum relative to attaining authority for Postmasters in rural areas to send War Bonds, which they issue, by registered mail, in cases where they felt this was necessary, without accounting for the special charge.

It was my impression that you hoped to take this matter up and wanted to have Mr. Storms write you as a reminder. This matter, though subject to application in only a few special cases, seems important enough to me to write to you about in the event that you did not hear from Mr. Storms.

Respectfully yours,

Rich F. Meyer

Richmond F. Meyer
Chairman

RFM:JR

NOV 18 1944

My dear Dr. Pickens:

Many thanks for your letter about the national election. Mrs. Morgenthau and I share your wholesome satisfaction in the results. I am particularly glad that the American people registered their approval of the national administration in such a positive way. It was an affirmation of their faith in the magnificent leadership of President Roosevelt, and also, I like to think, a recognition of the tremendous amount of sincere and intelligent work in which all of us have joined, under his leadership, to meet an unprecedented national emergency. It was particularly refreshing, because, while the criticisms of a political campaign are inevitable, they are hard on people who have given their best efforts freely and cannot answer back.

The President and all of us have been gratified to note the way the election went in political districts with large Negro votes. You yourself, from your experience in our Inter-Racial Section, know how conscientiously we have worked to provide equal benefits of government to all our fellow-citizens.

Sincerely,

(Signed) H. Morgenthau, Jr.



Dr. William Pickens,
Chief, Inter-Racial Section,
War Finance Division,
Treasury Department,
Washington, 25, D. C.

WILLIAM PICKENS
WAR SAVINGS STAFF
UNITED STATES TREASURY DEPARTMENT
WASHINGTON 25, D. C.

November 13, 1944

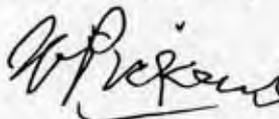
Secretary and Mrs. Henry Morgenthau, Jr.,
Care of United States Treasury Department
Washington 25, D. C.

Dear Secretary and Mrs. Morgenthau:

In my opinion there can be no law that is to be violated by my letting you know how happy we all are to know the result of the important election just held. Certainly no law would prevent a fellow-citizen, whose permanent address is 260 West 139th Street, New York, N. Y., from congratulating you, who are also New Yorkers and a part of the President's Official Family, on the results of that election.

But if it is against any other law, it is certainly in strict accord with the laws of truth, honor and commonsense, when I say that we are happy. We expected the result that was obtained, but hardly any of us looked for quite "so much of it." The precincts with large Negro vote went for the President. (Enclosed is copy of a letter which I was happy to write, a day or two after the election, to President and Mrs. Roosevelt.)

Very truly yours,



William Pickens
Chief, Interracial Section
National Organizations Subdivision

Enclosure.

November 9, 1944

Mr. and Mrs. Franklin Delano Roosevelt
The White House
Washington, D. C.

Dear Mr. and Mrs. Roosevelt:

Thank God for the American people,—truly "the Indispensable People" of this world. My respect for them, high as it always was, went up 100% at midnight, November 7, after I had listened to the radio for about seven hours. Certainly no power will be able to take freedom and liberty from such a people, and nobody will be able to wheedle them out of their birthright, nor to fool them out of it.

I congratulate the American people, and I thank the Commander-in-Chief for his extraordinary leadership. Certainly nothing like this election has ever been known before in the history of the world.

Very truly yours,

William Pickens
Chief, Interracial Section
National Organizations Subdivision

NEW YORK
Herald Tribune
230 West 41st Street, New York 18

November 18, 1944

Dear Mr. Morgenthau:

We appreciated your writing to us concerning Mr. Shirer's article from Aachen. We shall of course be glad to show him your letter on his return from abroad.

Sincerely yours



George A. Cornish
Managing Editor

Hon. H. M. Morgenthau, Jr.,
The Secretary of the Treasury,
Washington, D. C.

NOV 18 1944

Dear Bernie:

Thank you for your letter of November 1, which explained the personnel problem you are facing. General Wickersham visited me and we made a number of personnel suggestions which should be of help. I am much interested in the problems, so please write again if you think I can be of help to you.

With best wishes.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Colonel Bernard Bernstein,
SHAEP, G-5, Finance Section,
APO 757, c/o Postmaster,
New York, N. Y.

H.S.J.
HG:GP -11/17/44

MDW
FILE COPY

Supreme Headquarters
ALLIED EXPEDITIONARY FORCE
G-5 Division

11-1-227

Dear Mr Secretary,

November 1, 1944

It was extremely kind and thoughtful of you to write me a letter of sympathy about the death of my mother and I appreciate it deeply. I wish also to thank the Treasury for sending me cables about my mother.

I also appreciate your good wishes in connection with my work. At first through the newspapers and then by discussions with Bill Taylor and other Treasury representatives here I have been able to follow the discussions that have taken place in Washington and Luebe on the Lerman program. You have my profoundest admiration and respect for the ability and courage you have shown in dealing with this problem.

The work I am trying to do at Staff and at the Control Council for Germany is necessarily limited by the absence of agreed long range policy decisions (the reason for which at the present time can be understood) and by the numbers and qualities of the men I have on my staff.

At Shaeff the Americans in the finance section, besides myself, include Lt Colonel J. H. Fisher (at one time on the Treasury legal staff) Capt. Hiram Garo (a New York lawyer) both of whom are able men and doing excellent work, Major Eber Racy (who was on Blough's staff) who is quite anxious to get home and out of the Army, and an accountant, an auditor and a man who handles currency shipments. The work of the latter 3 officers is essentially routine.

At the Control Council I started with an existing staff of 15 officers. Since then Col Belchrist (from the Finance department of the Army) and his 2 close colleagues, Major Coughran & Major Peery (both of whom come from the Bank of America) have transferred to Col Graeme Howard's Economic Section of the Control Council. In the near future I expect to transfer from my section Major Lation (who was previously brought into the section by Belchrist) and a Capt Dougherty who is too sick to be able to continue to work in this climate. The abilities of these officers were such that their loss does not greatly impair the effectiveness of the finance section.

Of the rest of my staff at the Council, one or two men are mediocre and the rest are fair; the best of the group being a Lt Daxson,

Supreme Headquarters
 ALLIED EXPEDITIONARY FORCE
 G-5 Division

formerly of J. Henry Schroeder Co (who is known to Eddie (Greenbaum) and Major Morton Fisher (who is known to Phil Wanchel). The only one with a Treasury background is a Lt Banning who used to work in Foreign Funds Control. I am quite conscious of the inadequacies of such a staff to do the control council job or even to do the current work program, a copy of which is enclosed.

I have successfully resisted the effort to add to my staff about four officers recently sent from the United States, including a cavalry officer of the class of 1916 at West Point, and a 57 year old Lt Colonel who was too old to lead his battalion, who in private life sold bonds and called himself an investment counsellor, and who was picked up by General Eric Fisher Wood in a replacement depot in France.

I have talked to all the generals involved, including Generals Hildring and Spafford about getting Sabethard, Lawler and others from

the Mediterranean theatre. I have also talked to ^{Southland} about the matter. They say definitely that there are no finance people to spare in that theatre, particularly in view of their planning for Austria. I was also unsuccessful in trying to get Kades.

There are a few additional officers of fair ability in finance that I have ^{currently} working on other civil affairs finance assignments who will become available later for work in Germany. However it must be remembered that in addition to the Control Council (which will work largely on detailed policy between the British, Russian and American sections and ~~the~~ what is left of the German ministerial level), there will be a large finance section on the Headquarters staff in the American zone and on the Headquarters staffs in each of the 4 military districts in the American zone and there will be finance men in the detachments which will be scattered in the cities etc. in the American zone. I am at present trying to get as my Executive officer at the Council, 1st Col Philip Allen who is a partner of Dillon Read and who is working here ~~on~~ in one of our civil affairs

Supreme Headquarters
 ALLIED EXPEDITIONARY FORCE
 G-5 Division

Finance posts. Secretary Forrestal could give you a line on Allen's ability.

I have discussed at great length with Taylor and Carous the Treasury's desires with respect to making its civilian personnel and the Treasury personnel now in uniform available for work of the Control Council and Staff and the subject of channel of communications & channel of authority, etc. I have also discussed this problem on a number of occasions with General Webersham, who says that he wishes to discuss the matter with you on the trip he is about to take to Washington.

Webersham has apparently received a communication from Harry Hopkins on the subject of civilian personnel for the Council, including Treasury personnel and has made a reply thereto. I have not seen either message but Webersham, who seems quite anxious to get additional Treasury personnel, told me that he indicated in the reply that he would like to get more Treasury

personnel and that he already has one in me.

At Wickersham's request I submitted to him a memorandum, copy of which is enclosed, relative to personnel. I believe that if personnel of the type described could be made available to the Control Council, it would not only greatly improve the work of the finance section but would help the work of other parts of the Control Council, which is very very badly staffed. I hope you will not be angry with me for suggesting so long a list. Some of the people could be used at the American Zone Headquarters. I am sure you will know best where and when such a group of Treasury personnel can be most effectively employed.

I trust that you, Wickersham & the War Dept will work out an arrangement satisfactory to you for putting personnel in the Council. If my being chief of the finance section causes any difficulty whatsoever for the Treasury because of my not being in uniform or otherwise for other reasons, I believe I can be easily relieved of that assignment and then concentrate on my job at SHAEF.

With kindest regards

Respectfully
Bernard Berenson

U S GROUP C C
MILITARY GOVERNMENT DIVISION "A"
FINANCE SECTION
APO 742

31 October 1944

MEMORANDUM:

TO : Brig. Gen. G. W. WICKERSHAM, Acting Deputy,
U.S. Group C.C., APO 742, US Army.

1. Pursuant to your request for suggestions as to civilian personnel to be requested of the Treasury, I wish to recommend as follows:

There are at present in the Finance Section the following Sub-Sections:

Public Finance
Financial Institutions
Foreign Exchange & Blocking Control
Intelligence & Liaison
Currency
Accounts and Audits

There is no present need for personnel to do the work of the Currency Sub-section or of the Accounts & Audits Sub-Section.

Public Finance: The needs are for an expert on budgets and expenditures, an economist who is an expert in taxation, and an expert in customs.

Financial Institutions: The need is for an expert on German Banking and the relationship of German banking and industry in Germany and abroad; a monetary economist who would assist in the supervision of the affairs of the Reichsbank; and an expert in the activities of German insurance companies. A less important priority is an expert on German security and commodity exchanges.

Foreign Exchange & Blocking: The need is for experts in the field of freezing control, one with experience as a lawyer, an economist, and one with experience in administration; also an economist experienced on Germany's foreign exchange problems and clearing arrangements.

Intelligence & Liaison: The need is for two (2) economists who are experts in the field of finance, banking, and taxation; a statistical expert, and a person who is an expert in the field of investigation.

2. In addition to civilian personnel, the Treasury may be of assistance in obtaining for the Control Commission the services of men in Army or Navy uniform who were formerly in the Treasury, including the following:

Lt. Comdr.	JOHN LAWLER
Captain	ANDREW KAMARK
Ensign	JOSEPH MURPHY
Ensign	GARDNER PATTERSON
Ensign	DELBERT SHYDER
Ensign	EDWARD RAINS
Lt.	JOHN CARLOCK
Lt.	ALBERT EDELMAN

B. BERNSTEIN
Colonel, CSC
Chief

jhm

U.S. GROUP C.C.
MILITARY GOVERNMENT DIVISION A
Finance Section
APO 742

USCC/FS/10.0001

27 October 1944

SECTION MEMORANDUM NO. 2

SUBJECT: Work Program for the period of 20 October to 30 November (includes incomplete projects from Work Program No. 1 dated 26 August 44).

TO : Chiefs, Sub-sections, Finance Section, US Group CO.

1. The Work Program herein set forth will be followed by the Finance Section for the period designated above and for such additional periods as may be approved by the Chief of Section. Sub-sections will be responsible for completion of the projects assigned to them. Any difficulties encountered, conflicts, or requests for clarification, should be submitted to the Executive Officer.
2. Material representing completed projects should be submitted to the Executive Officer in duplicate. In those cases where regulations, directives, instructions, etc., are involved, they should also be submitted in duplicate and in completed form.
3. Each project should be reported on separately and should be identified by number, i.e., the third project assigned to Public Finance should be identified as P.F. Project No. 3.
4. Certain of the projects enumerated below will affect more than one Sub-section. In such cases, the Sub-section to which the project is assigned will be responsible for necessary coordination with other interested sub-sections.
5. If, in the opinion of the Chief of a Sub-section a particular project should be re-stated a request should be made to the Executive Officer for authority to substitute in its place a new project expressed in the manner desired by the Sub-section. If supplemental work is deemed necessary it should be set up by authority of the Executive Officer as a separate project.
6. In working on all projects consideration will be given to the effect of Alsace-Lorraine and Austria and other territory being severed from Germany.

PUBLIC FINANCE

1. Ascertain other categories of public expenditures to be stopped. Examples: Should payments on German war contracts be stopped and on what basis? Should payments to German military formations be discontinued, and on what basis?
2. Cooperate with Legal Section in preparation of Laws and Directions necessary to eliminate discriminations involved in tax and other financial laws,

5. Study in conjunction with U.S. Government agencies located at U.S. Embassy problem of location of German assets outside of Germany. Consider what further measures in terms of amended or additional report forms or otherwise should be taken by us to increase the effectiveness of Government programs to uncover such assets and lay ground work for close coordination in period of operation between Government agencies and SHAEF and Control Council. In particular consider what procedure should be worked out with Government agencies to provide for investigation and examination of persons and institutions who fail to file proper reports on foreign exchange assets where Government agencies have clues or other evidences indicating the existence of such assets.

6. Arrange with Armed Forces Division regarding treatment of currency in possession of demobilized members of the German Armed Forces who are returned to Germany. Also work out program for dealing with currency in possession of Allied war prisoners on leaving Germany.

7. Clarify with Economics Section the foreign trade policies during SCAMP and CC periods and prepare licensing procedures, if any.

8. Prepare instructions to G-2 regarding censorship and the handling of foreign exchange and other financial assets seized in the mails, etc.

9. With respect to General Ruling No. 1 ensure that all property of persons removed from civilian and governmental positions in Germany is blocked.

10. Draft a Military Government Trading with the Enemy Law. Ensure that there are specific prohibitions against any transaction involving trade or communications with black listed nationals of the United Nations. Consult with Legal and Economics.

FINANCIAL INSTITUTIONS

1. Clarify responsibilities for the formation of policy and the administrative procedure to be followed in respect to the blocking and release of assets in financial institutions.

2. Ascertain policy to be pursued on cancellation of war contracts and Reich guarantee of bank loans based on war contracts.

3. With a view to dealing with monopolies of financial and industrial power in Germany, prepare an analysis in conjunction with the Economics and Property Control Sections and with the OSS, IIV, and the Treasury on the 200 largest banking and business corporations in Germany. Show, so far as possible, the stock ownership of these corporations and the infiltration by such enterprises into the financial and economic control of other countries.

3. Follow up previous contacts with Intelligence Section, OSS, to insure receipt of financial information from this source and to ascertain to what extent financial intelligence, of types similar to those desired from G-2, may be obtained through OSS field facilities.

4. Arrange for continued interrogation of POWs and refugees, through G-2, OSBIC and ISTD, to obtain information on the organization, functions and personnel of German financial institutions.

5. Explore desirability of obtaining, from intelligence sources in the U.K., white lists of present and former officials in German financial institutions for use in the replacement of undesirable officials who are to be removed from office by MG. If need is established, arrange for compilation of lists.

6. With a view to dealing with great monopolies of financial and industrial power in Germany, and in coordination with Financial Institutions Sub-section, prepare an analysis, together with Economics and Property Control, and with OSS, FEI, MTW and Treasury, of present information as to ownership breakdown of 200 largest banking and business corporations in Germany, methods of infiltration by business corporations in Germany, methods of infiltration by such enterprises into economic and financial control of other countries.

7. Determine whether instructions should be prepared for issuance at the appropriate time to FOs and MGOs, concerning the re-routing of their financial reports through the M.G. District Commander at Corps or Administrative Headquarters at Regional Capital, when conditions in an entire German region have become static. Prepare draft of instructions and coordinate with Intelligence Branch, Armed Forces Division and SHAEF G-5 Financial Branch.

ACCOUNTS AND AUDITS

1. Personnel - Continue study of T/O required at US Group CC Hq. and regions during Control Council period and review of personnel history records of accounting officers with a view to assigning qualified officers to key positions.

2. Supply Accounting - Study present supply accounting procedures and draft revision of CA Instruction 118 in coordination with Financial Branch, G-5 SHAEF.

3. Property Control Accounting - Collaborate with Property Control Section on plans for property control at Army Group level during SHAEF period and at various levels in Control Council period.

4. Displaced Persons Center Accounting - Study present procedures for such accounting, in the light of the policy for Germany that German authorities must furnish supplies used in Centers, or must pay for imported supplies. Study possibility of simplified accounting procedures.

5. Exports from Germany - Continue study of required accounting procedure at Hq. level.

6. Restitution of Property - Continue study of required accounting procedure at Hq. level.

7. Accounting Generally - Obtain information, by reconnaissance and by liaison with Finance Branch, G-5 SHAEF, indicating the extent to which established accounting procedures are proving adequate during operations, with a view to revising procedures where desirable.

25

NOV 18 1944

Personal

My dear Senator:

I thank you very much for forwarding to me a copy of a report on Cartels and National Security submitted by the Subcommittee on War Mobilization to the Committee on Military Affairs.

I have read the report with great interest and want to compliment your Committee on the genuine efforts which it has made to find a solution to one of the most important problems which face the American people today. In my opinion, your report constitutes a significant step forward in presenting to the Congress and to the American people the real issues which are involved. I am confident that once the American people are informed of the real issues, a decision which is best for our country will be made. It must never be forgotten that whatever program is eventually adopted to deal with this difficult problem must rest not only upon agreement between the governments of the Allied nations concerned, but more fundamentally upon the support of the peoples of these nations.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Hon. H. M. Kilgore,
Chairman, Subcommittee on War Mobilization
to the Committee on Military Affairs
United States Senate.

gcs
JED:scs
11/16/44

gpcn

JDW

ROBERT R. REYNOLDS, N. C., CHAIRMAN	WARREN R. AUSTIN, VT.
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MARGUERITE E. WATTS, CLERK

United States Senate

COMMITTEE ON MILITARY AFFAIRS

Subcommittee on War Mobilization

November 11, 1944

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

Dear Mr. Morgenthau:

Enclosed are two copies of a report on Cartels and National Security just submitted by our Subcommittee to the Committee on Military Affairs.

only one copy read

I shall be glad to have any comments which you may care to make, and I am sure that they will be of value to the Committee.

Very sincerely yours,
H. M. Kilgore
H. M. Kilgore
Chairman

Enclosures (2)

78TH CONGRESS }
2d Session }

SENATE

{SUBCOMMITTEE
{REPORT No. 4

CARTELS AND NATIONAL SECURITY

REPORT
FROM THE
SUBCOMMITTEE ON WAR MOBILIZATION
TO THE
COMMITTEE ON MILITARY AFFAIRS
UNITED STATES SENATE

PURSUANT TO

S. Res. 107

A RESOLUTION AUTHORIZING A STUDY OF THE
POSSIBILITIES OF BETTER MOBILIZING
THE NATIONAL RESOURCES OF
THE UNITED STATES

NOVEMBER 13, 1944

PART I. FINDINGS AND RECOMMENDATIONS

Printed for the use of the Committee on Military Affairs



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1944

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LETTER OF TRANSMITTAL

HON. ROBERT R. REYNOLDS,
*Chairman, Senate Military Affairs Committee,
Washington, D. C.*

MY DEAR CHAIRMAN: I have the honor to submit on behalf of the subcommittee appointed by you pursuant to Senate Resolution 107, a report on cartels and national security.

Since the fall of 1943, your subcommittee has been studying the effects of cartel and monopoly practices on war mobilization. In this connection, we have secured extensive evidence on the relationship of international cartels to the problem of national defense and the establishment of world peace. Recent military successes and developments in the creation of a world security organization make it desirable to present the material at this time. A majority of the members of your subcommittee have joined in the report.

The report submitted herewith consists of two parts: Part I, findings and recommendations; and, Part II, a supplement summarizing pertinent evidence.

HARLEY M. KILGORE,
Chairman, Subcommittee.

NOVEMBER 13, 1944.

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CARTELS AND NATIONAL SECURITY

Part I. Findings and Recommendations

INTRODUCTION

With military victory in sight, with the supreme and conclusive military action in Europe already begun, the United Nations are working out the measures that will guarantee a durable peace. Great and sure strides have been taken at Cairo, Moscow, Teheran, Bretton Woods, and Dumbarton Oaks. Leaders of the United Nations have agreed on the need for a permanent world security organization that will complete the destruction of the forces which caused this war; forestall by military action any future aggression; and wage peace through economic and social cooperation.

A quarter century ago the opportunity to build an enduring peace after military victory was argued away and lost. In the 25 years since the peace treaty of 1920, the world has suffered 25,000,000 military casualties, and the end is not yet. To these must be added millions upon millions of civilian casualties. The experience of these past 25 years will be vividly recalled by the American people as their representatives proceed, in concert with those of our allies, to establish the machinery of enduring peace.

The problem of international cartels—long the subject of extensive investigation and heated debate—must now be reexamined in the light of our country's compelling interest in the building of international economic and political cooperation in order to establish an enduring peace. Such an examination has been made by the committee.

Briefly defined, international cartels are economic arrangements among private interests of several countries for the purpose of regulating industry and trade.¹

¹ This definition follows common usage and also takes into account practical developments. The word "cartel" originally meant a written agreement between conflicting interests. In economics, it was first widely used abroad, particularly in Germany, to describe an agreement or arrangement between independent firms. Applied to domestic economy, the expression is used loosely to cover arrangements as diverse under American terminology as trade associations, pools, combinations, trusts, holding companies, and monopoly agreements. International cartels have developed in a variety of situations, in a few of which national governments have directly or indirectly participated. As discussions of international cooperation for peace have intensified, there has been a tendency on the part of some people to broaden the definition of a cartel to include economic agreements or treaties between nations. In this report the term "international cartel" will be limited to arrangements which are primarily between private businesses in different countries, even though in their negotiation national governments may have participated or given their sanction. Testimony before this and other Senate committees shows that, in arrangements made between American and German firms, German firms frequently cleared international cartel commitments with their Government, particularly after Adolf Hitler came to power. In contrast, arrangements by American companies were usually kept secret, not only from the public but from the American Government. Definitely excluded from the definition are economic agreements between nations such as the "wheat agreement." In short, international cartels are economic treaties or international trade agreements made by private business concerns. The word may also be used to denote the participating group.

A study of the evidence which has been accumulated² discloses how the cartel system of international economic relations operated in the period between the two world wars and shows by what means our Axis enemies engaged in systematic economic warfare against the United States as a prelude to their military aggressions. These economic aspects of war and peace have received far less public notice than the political and military aspects. An understanding of them, however, is necessary to insure that the mistakes made after the last war will not be repeated, and that an effective program for world security will be realized.

The German aggressors have begun to pursue a strategy which they found successful a quarter century ago; they are already deploying their economic reserves throughout the world in preparation for a third attempt at world domination. They plan to resume the old commercial pattern which served them so well. We must insure that in the defeat of Germany the economic forces of aggression will be forever eliminated along with the military forces.

Economic aggression by the Axis Powers went hand in hand with their military preparations for the present war. Our plans for peace will succeed only if international economic collaboration by the sovereign governments goes hand in hand with political and military collaboration.

The United States must take leadership in promoting economic harmony among the nations. No plan can be effective without our active participation. Our own great industrial production cannot be isolated within our national boundaries, nor can it be sent abroad on the basis of rivalry among nations without thoroughly jeopardizing the peace.

The nations of the world, by adopting and developing the program drafted at Dumbarton Oaks, will turn their backs on the economic anarchy of the post-Versailles period. They will turn their faces toward a friendly post-war world, a post-war world of amicable international settlements and cooperation for mutual prosperity.

Through economic cooperation some nations will secure for the first time the economic benefits of industrialization. Others will make rapid recovery from the devastation of war. At the same time that we take the initiative in promoting world peace, the United States will be making provision for full use of the greatest industrial machine in the history of mankind.

If we are to have full employment after the war, it is conservatively estimated that we must produce at least one and a half times the highest pre-war industrial output. The rapidly rising productivity of our economy enables us continuously to raise our own standard of living while cooperating in the industrialization of the world. Our own internal market, already the greatest in the world, must be still further developed in order to absorb the greater part of this increase; we must raise the average standard of living by at least 50 percent.

²In addition to its own body of evidence, your subcommittee has examined the extensive evidence on cartel practices gathered by other Senate investigating committees during the past 8 years, notably by the Senate Committee on Patents under the chairmanship of Mr. Homer T. Bone, of Washington, the Special Senate Committee to Investigate the National Defense Program under the chairmanship of Mr. Harry S. Truman, of Missouri, and the Temporary National Economic Committee under the chairmanship of Mr. Joseph C. O'Mahoney, of Wyoming. See section III for a more detailed description of this evidence.

In addition to this 50-percent increase in our standard of living, we should set as a goal an export volume several times the pre-war figure in order to achieve an economy of full production and full employment.

In terms of traditional thinking, this would seem difficult to attain. But our traditional thinking is based on cartel economics, which is scarcity economics. The nations of the world are hungry for American products. There is almost unlimited demand. Meeting part of this demand may make the difference between profitable mass production and depression in key American industries. The sale abroad of American turbines, refrigerators, airplanes, automobiles, machine tools, may mean the difference between jobs and unemployment for American workers. Eventually, we must be prepared to buy from the world approximately as much as we sell, allowing for some lag during the immediate post-war years.

These great new business opportunities will be realized only if governmental machinery for international cooperation establishes a sound basis for developing world markets. Such machinery is essential to provide the safeguards enabling American business to make sales and investments abroad several times greater than in the past.

The subcommittee's studies particularly affirm the immediate need for adopting and furthering the International Economic and Social Council proposed by the Dumbarton Oaks Conference as part of a world security organization. This does not mean that the world security organization should intervene in the management of the domestic economy of its member nations. Its machinery, however, can be used on an international level to promote political harmony and economic development by fostering amicable commercial relations. The world organization should formulate programs for the expansion of international trade for the mutual advantage of all participating nations. Some positive steps to increase world trade are already under discussion—for example, the international monetary and credit proposals initiated at the Bretton Woods conference.

The real cooperation of sovereign nations in the field of commerce and trade necessarily spells the end of the cartel system, which has in the past proved an insuperable barrier to international harmony. Your subcommittee believes that the outlawing of the international cartel system is a necessary first step to clear the way for a new expansionist era in foreign economic relations. On this subject President Roosevelt has written Secretary of State Hull as follows:

The history of the use of the I. G. Farben trust by the Nazis reads like a detective story. Defeat of the Nazi armies will have to be followed by the eradication of these weapons of economic warfare. But more than elimination of the political activities of German cartels will be required. Cartel practices which restrict the free flow of goods in foreign commerce will have to be curbed. With international trade involved, this end can be achieved only through collaborative action by the United Nations.

In defining this policy which presumably will be followed by the Executive in its international economic negotiations, the President of the United States is planning for the future security and prosperity of this country, in the free-enterprise tradition of the Sherman-Clayton antitrust laws.

The elimination of restrictions on production, high prices, and exclusive market policies from the international field will not only help to preserve the peace but will assist in refocusing domestic production

on maximum output, lowest price, and highest quality. It will thus provide a sound basis for the flourishing of competitive private enterprise, not only in harmonious international trade but also in expanded domestic and foreign markets.

Since the outbreak of the war, the very concerns mentioned in this report as having participated in international cartels which Germany used for aggression have made magnificent contributions to an Allied victory. Their cartel relations forcibly disrupted, they have expanded their capacity and increased production to a point where they have overwhelmed our enemies. The war emergency has demonstrated to the Nation at large and to our industrialists in particular the extent of America's economic potential, the ingenuity of American technologists. In the post-war period, this potential can not be realized under a cartel system. New methods of conducting international trade must be devised to utilize the economic energies of our liberated American industry and to stimulate its continued growth and development.

INTERNATIONAL CARTELS VERSUS JOBS AND PEACE

As we review recent world history we observe that the international cartel system flourished in the years between the two world wars. This was a time when the countries of the world were increasingly dependent upon one another for raw materials, equipment, and markets for finished goods. But there was no machinery for harmonizing and bringing order into the day-to-day economic relationships of nations because there was generally no effective machinery for international cooperation. After the carnage of World War I, the peoples of the world earnestly desired such cooperation but efforts to set up effective machinery failed. Our own country, which came out of World War I as the most powerful nation, stood aloof from attempts to establish international security.

Inaction by national governments left a vacuum in foreign economic relationships. Individual businesses which consumed the raw materials and sold the finished goods moved into the vacuum. A few big concerns in the important branches of industry reached out across national boundaries and made international economic treaties of their own.

The failure to formulate a national and international policy deprived our businessmen of any broad frame of reference for the conduct of international commercial relations. They had no guides to action or criteria of success other than immediate self-interest and profits narrowly pursued. The arrangements they made with foreign industrialists therefore were designed to meet a limited and short-sighted objective—to safeguard profits and investments by eliminating competition. For two decades, cartel agreements appeared to satisfy this requirement. They protected the monopoly position of the cartel members at home. They eliminated international competition and assured a "stable," if restricted, market for the cartel participants by allocating territories, fixing prices and conditions of sale, defining export quotas, regulating the introduction of new materials, processes, and products, limiting plant expansion, and controlling the kinds of business activity in which members might engage.

The decade of the twenties, which saw the rise of the international cartel system, appeared to be a period free of foreign entanglements. The evidence shows, however, that the cartel system itself was a network of the most compromising ties among the big businesses of the world. The United States economy was involved in unofficial but nonetheless intricate and dangerous foreign entanglements.

Many of the ties formed by American companies under the international cartel system jeopardized our national security. This was in no sense the aim or intention of American businessmen, whose compelling motives were monopolistic protection and restriction.

In contrast to the American firms, whose principal motivation was protective and restrictive, the impelling motivation of the German firms was aggressive. The First World War changed the political form of the German Government, but it did not alter the control and structure of German industry. The Treaty of Versailles was designed to prevent Germany from renewing aggression. But in the absence of effective international machinery, the terms of the treaty could not be enforced.

At the end of the First World War Germany was outwardly a defeated nation. It was assumed that the sources of her military strength had been dried up when she was disarmed. But this was not the case. The war had greatly expanded the industries on which Germany had depended to supply the armaments, munitions, and raw materials for the German war machine. Defeat did not permanently reduce the productive capacity of these industries, nor did it alter their high degree of concentration or impair their position of dominance in the German economy.

Thus a defeated Germany emerged from the war with her imperialist-minded industrial hierarchy intact. While the people of Germany bore the burden of unemployment and depression, Germany's industrial management secured loans from abroad which enabled them to consolidate into gigantic domestic and international monopolies. They also persuaded their own government to assist them with subsidies and indemnities at the expense of the rest of the population.

The concentration of German industry was further accelerated by the period of inflation, which eliminated domestic competitors. The number of cartelized industries increased. Existing cartels extended their areas of international control, and at the same time they intensified and strengthened their grip on the German economy. They were bent upon recapturing their world position in dyestuffs, pharmaceuticals, military optical goods, and other commodities. Thus, in the period following the war, German industries were reorganized into closely knit, highly integrated combines whose productive and technological capacity constituted a menace to large producers in other countries.

German industrialists, backed by the government which they had forced to do their bidding, threatened to invade foreign markets, threatened to sell goods at low prices, threatened to unleash new technologies, threatened to disrupt the controlled markets of other countries. They blackmailed their way into world markets. They launched a second conspiracy for world dominion. Using commercial relations, in particular the cartel system, as a weapon, they rearmed their own country and disarmed their prospective victims.

The trend toward monopoly domination of industry in the United States, Great Britain, France, and other countries created a favorable atmosphere in which German cartel groups could conduct negotiations for the division of world markets. In the period after World War I many American firms possessed new technologies, particularly in electrical, chemical, automotive, and petroleum fields. The industrial expansion necessary to give expression to these new technologies held the prospect of expanded domestic and foreign markets, bolstered by pent-up demands for peacetime goods. Leading American firms feared, however, that competitive imports and new techniques from abroad would disturb their control. They persuaded their government to erect high tariff walls. They entered into a truce with foreign cartelists. They gave up foreign markets in exchange for protection. They sought and often attained an assured monopoly at home. In short, they compromised themselves with German cartelists.

Germany's cartel groups had the tacit consent of non-German industrialists in evading the disarmament provisions of the Treaty of Versailles. Testimony before the subcommittee leaves no doubt that violations of the treaty began almost as soon as the treaty was signed. For instance the firm of Carl Zeiss, by creating a manufacturing subsidiary in Holland, was able to evade the prohibition on the manufacture of military optical instruments, such as rangefinders and periscopes. The firm of Friedrich Krupp nullified a restriction on the manufacture of armaments by gaining control of Bofors, a Swedish armament firm. I. G. Farbenindustrie continued to produce military explosives as one of its numerous enterprises, although expressly forbidden to do so. (For detailed discussion of these treaty violations, see sec. IV.)

The greatest activity in the establishment of cartel relationships by German interests occurred from 1920 through 1930. American businessmen were induced to enter into cartel agreements by the promise of freedom from German competition. In exchange for a guaranteed domestic market, American participants accepted restrictions on their own production and sales. Such restrictions limited American productive capacity and assured German dominance in foreign markets from which American and other firms were excluded. The cartel agreements often included provisions for exclusive cross-licensing of patents and exchange of technical and sales information. The Germans thus acquired access to vital American technology and know-how instrumental in building up Germany's military strength. In return, the United States firms received a minimum of detail on German technology and know-how, and then only after German Government approval on release. These exclusive licensing terms had the effect of limiting American production capacity and the manufacture of new products. At the same time, they secured for Germany economic intelligence as to the industrial and military strength of the United States.

The rapid growth of cartels during the late 1920's and early 1930's coincided with the onset of a world-wide depression. The impact of economic crisis in Germany was severe; it led to the adoption of Nazi totalitarianism. The role which the cartels played in abetting Hitler's seizure of power has been recounted at length in testimony before Congress. Krupp, Thyssen, and other powerful figures on the German industrial scene provided the Nazis with indispensable financial and political support.

Almost immediately, as a consequence of this unholy alliance between Hitler and the cartelists, Germany's plans for economic warfare, aimed at ultimate world domination, were expanded. The German Government became a silent partner in the multitude of cartel agreements among German, American, British, French, and other concerns with which German industry had established cartel relations.

Under cover of cartel agreements, Germany penetrated the economy of other nations, including the United States. Using their cartel affiliates or subsidiaries, German industrialists built up a network which impaired the production of other nations, obtained sources of foreign exchange for Germany, gathered economic intelligence and spread Nazi propaganda.

Nazi Germany placed great emphasis upon political and economic warfare. By sapping the industrial strength and undermining the political unity of the countries chosen for aggression, Germany sought to eliminate any possibility of resistance on the part of her intended victims. Numerous examples have been presented to the committee which portray clearly how German cartel interests were able to restrict output, maintain exorbitant price levels, suppress new developments, and hinder Allied preparation for defense.

The Düsseldorf conference of March 15 and 16, 1939, represents a high point in the use of the international cartel system as an instrument of economic warfare. In the joint communiqué issued at the close of a general discussion of German-British economic relations the Reichsgruppe Industrie and the Federation of British Industries stated:

The two organizations realize that in certain cases the advantages of agreements between the industries of two countries or of a group of countries may be nullified by competition from the industry in some other country that refuses to become a party to the agreement. In such circumstances it may be necessary for the organizations to obtain the help of their governments and the two organizations agree to collaborate in seeking that help.

The two organizations have agreed to use their best endeavors to promote and foster negotiations between individual industries in their respective countries. They are encouraged in this task owing to the fact that a considerable number of agreements between individual German and British industrial groups are already in existence * * *

Six months after the appeasement of Munich, and in the very days when the Nazis were moving into Czechoslovakia, the Germans were relying upon their cartel connections to destroy resistance in Great Britain. History records that this agreement was never implemented because of the British decision to call a halt to German military aggression in Europe.

The quantity and character of the evidence leave no room for surmise as to the intentions and efficacy of Germany's cartel program in the United States. Shortages and scarcities in strategic sectors of industry, visible even before our entry into the war, became ominous following Pearl Harbor. The evidence shows that many of these must be attributed to the operation of international cartels. (See sec. IV.)

Some idea of the number, scope, and character of international cartels whose operation has been exposed may be obtained from the evidence summarized in part 2. The full number, extent, and character of international cartel agreements in the period between the two world wars may never be uncovered. Those international cartel agree-

ments of which the details are known today were until recently shrouded in secrecy. The Antitrust Division of the Department of Justice, in making its pioneering disclosures of the real character and scope of the international cartel system, has rendered high service to the Nation.

ELIMINATION OF GERMAN AGGRESSIVE FORCES

To eliminate the risk of another war the United Nations must not stop at removal of Nazi political and military leaders. They must destroy Germany's industrial leadership as well.

The industrial monopolists of Germany have worked long and ardently for pan-Germanism. They have willingly joined in partnership with Hitler and his lieutenants to achieve their ends. For all practical purposes, the social and political philosophies of the partners are indistinguishable. As Allied pressure increases, Hitler and the Nazi politicians will undoubtedly want to fight to the end; military defeat will entail the loss of all their power. Big monopolists, however, may want to negotiate a surrender in which they can retain their lives and their power. But a negotiated peace or surrender that would leave this group of perennial conspirators in power would fall short of victory. It would lead once more to war.

The democratic nations must not again be misled into believing that German industry is politically "neutral," or that German aggression is the preoccupation solely of political fanatics. To crush German imperialism permanently and thus permit a peaceful and democratic Germany to arise, the structure and control of German industry must be so altered that it cannot serve again the purposes of war. This is as fundamental as military occupation and political change. The monopolies and cartels which are the artery of supply in the Nazi system must be broken up within Germany. Punishment of 10,000 of the leading imperialist-minded German industrialists will be more effective than punishment of 1,000,000 Nazi underlings who carried out the orders of the conspirators.

Immediately after military victory an international authority should take over the economic controls formerly held by Nazi cartels. Such an authority should destroy the cartel system in Germany and make it possible for private enterprise to function in a free and competitive manner.

Germany's industry must be reorganized so as to eliminate its aggressive power. It is generally agreed that the German armament industry must be liquidated, but there has been much confusion in public discussion as to the extent German industry as a whole should be liquidated. The subcommittee believes that those who have urged that all industry, other than direct armament manufacture, be left intact have overlooked the fact that for more than 30 years all of German industry has been closely integrated as a munitions economy. There has been an overexpansion of heavy and chemical manufacture and other enterprises accessory to military production. A real disarmament program requires not only the dismantling of all direct munitions industries but also the dismantling and removal to the devastated areas of Europe of the primary indirect munitions industries, including the metallurgical and chemical industries.

Final agreement cannot be reached immediately on the disposition of the remaining industries which are suitable to a balanced peace-

time economy but are also convertible to war purposes. Discussion may bring out various general alternatives, but definitive action by the international organization will depend on factors which are still imponderable. These factors include: (1) The extent of German industry still intact after final military victory; (2) the internal political balance after punishment of war criminals; and (3) the number and influence of Germans who can be relied upon to operate German industry solely for peace production.

The elimination of German aggressive forces requires also the liquidation throughout the world of the economic outposts of nazi-ism. This undertaking demands cooperative action by the United Nations. The pooling of information will be necessary in order to get a complete picture of the German network of economic penetration. Acting in concert, the United Nations should devise and carry out the most effective measures for destroying Nazi elements in their own countries, as well as in neutral and liberated territories. No country can be safe while the seeds of nazi-ism remained implanted anywhere. One of the first tasks of the Allied Military Commission in Germany should be to analyze thoroughly German interests abroad, in order to obtain a complete inventory of German property, particularly holdings whose true ownership has been masked through the instrumentality of Swiss, or Dutch, or South American companies. All German property in the United Nations, including the liberated nations, should be confiscated, and Nazi cloaks and collaborators divested of their holdings and their management powers. With reference to so-called neutral companies, the Allied Military Commission, having determined the extent of German ownership, should by decree assume ownership of stocks; it should require neutral nations to turn over the management of these companies to the United Nations or otherwise give assurance that they have been completely purged of Nazi interest and control.

Whatever general policy is adopted for reparations in goods, services or money, it must not encourage the maintenance or reconstruction of German heavy industry or the cartel system.

OUTLAWING THE INTERNATIONAL CARTEL SYSTEM

The German industrial group has been the mainstay of the international cartel system. In their agreements with American and British companies, the German cartelists specifically provided that in the event of war cartel arrangements would be resumed when hostilities were terminated. Any efforts to retain the international cartel system will therefore help to keep in power the German militarist-industrialist clique who have already planned and launched two world wars.

We will take space here to examine a few of the most common arguments advanced in support of the cartel system. It is argued that we would be excluded from foreign markets if we did not join cartels. The opposite is true. American industry in the past has voluntarily excluded itself from foreign markets by virtue of its membership in cartels. It is argued that the good features of cartels should be saved. This argument assumes that there would be some good practices left when the restrictive aspects of cartels are removed. In truth, nothing would be left, since restriction is of the very essence of cartels. It is argued that cartel agreements would assume the character of coopera-

tive action among nations if they were publicly registered or subjected to government scrutiny. They would not. Mere registration would not endow them with a national character. Only agreements among national governments provide the framework for genuine international cooperation.

Current proposals for the maintenance of the cartel system often seek to forestall objection by disavowing the old dangerous features of cartels and by endowing them verbally with the attributes of genuine international cooperation. Some of these proposals spell out in great detail the real advantages of international cooperation. But a careful examination shows that they envision the continuance of the old controls and relationships, so that, in effect, private monopolies would be dictating what superficially appeared to be national policy and international agreement.*

Any proposal which would vest in private monopolies the power to make international economic agreements must be considered the antithesis of genuine democracy and international collaboration. Such action would be an abdication of sovereignty on the part of national governments. It would permit the economy of nations to be subverted by groups who are responsible to no public control. It would advance us far along the road to economic restriction and war.

A cartel system dominated by American or British interests would eventually produce the same undesirable results as the one exploited by the Germans. It would jeopardize peace and jobs in the post-war world and soon bring us face to face with the possibility of a third even more destructive world war.

Standing athwart the achievement of international goals of world prosperity and enduring peace is the international cartel system as it existed before the war and, indeed, as it still exists—underground and only partially suspended—during the war. The extensive testimony before this committee and the great mass of testimony adduced by other congressional committees, have established beyond question that the international cartel system has been subversive of political security, full production and employment, and the expansion of world trade. These effects have not been incidental to the operation of the cartel system but have arisen out of their essential character. Private restrictive economic agreements designed to maximize profits inevitably minimize political security, jobs, and world trade.

MEASURES IMPLEMENTING INTERNATIONAL ECONOMIC COLLABORATION

The early post-war years will be the most critical for world peace, for then the nations must learn new ways of living together. While it may take a number of years to establish in detail a new pattern of international behavior, the initial machinery must be available before hostilities cease. Many of the present measures for wartime financing and control of trade will expire 6 months after the war. New machinery must be set into operation as war controls are relaxed and war financing methods abandoned.

In order to win this war we substituted for cartel methods of foreign trade close collaboration among the United Nations. Thus, the

* A widely circulated proposal of this character is that of Sir Edgar R. Jones, who would place world trade under private monopolies and merely allow for scrutiny of private agreements by an international organization of governments.

nations have already evolved some procedures for international economic cooperation. If no machinery is immediately available for continuing this cooperation on a peacetime basis, there is always a danger that the world will revert to the old ways leading to economic restriction and the break-down of peace.

Positive measures promoting world trade should be paralleled by common action to eliminate trade barriers. To this end, the principle of the reciprocal trade agreements should be expanded, under the auspices of the proposed world economic organization, into multilateral national agreements providing for the freest possible movement of goods.

Through the medium of their joint economic organization, the nations should inventory their industrial, human, and natural resources to see how they can most effectively exchange their special products so as to secure for each full production, full employment and a rising standard of living. In determining desirable goals of world exports and imports, one of the chief considerations should be the reconstruction of war-devastated areas. This, like the development of the less industrialized countries of the earth, will undoubtedly be undertaken by the individual countries involved. But they will require the cooperation of other nations in formulating and carrying out a systematic plan. Where products of foreign trade become technologically obsolete, cooperative action should assist in the conversion of affected industries and areas.

Because of our advanced industrial position, American cooperation in world reconstruction and industrial development is critical. We should recognize as desirable the possibility of an even more rapid increase in United States exports than imports in the initial post-war years. This would serve to develop markets for the high-powered United States industrial machine, and would also establish firmly the bonds of friendship and cooperation with other nations. After the first major period of reconstruction and development (approximately 10 years) is over, we should establish a balance of imports with exports by stabilizing the domestic market at a high level so that it can absorb the products of other nations who will be capable of fully returning in raw materials or finished goods the equivalent of United States exports to them. It is not suggested that any reduction in the volume of exports will then have to take place, but rather that an expansion in the volume of imports will be possible.

Once plans for the expansion of world trade are formulated, a program of implementing measures must be devised. Machinery for monetary stabilization and international credit has been recognized as an essential part of such a program, and substantial progress has already been made in this direction. International action will undoubtedly be required in other fields. The development of a full program is the joint responsibility of nations and can, of course, be worked out only through international conference.

The actions of the world organization will not impinge on the sovereignty of the participating nations. They will not interfere with domestic efforts of each nation to achieve its own prosperity, but rather they will supplement and encourage such internal economic development. In fact, an effective world security organization will

guarantee the autonomy of the domestic economies of the several nations, and will prevent the exploitation and penetration of one country by another intent upon industrial and political conquest. In this way, each nation, so long as its activities do not endanger world security, will be able to determine the course and form of its own internal economy. Your subcommittee feels that our own foreign trade, both export and import, should be conducted through private competitive business. Trade associations and Government corporations should be permitted to operate only where private competitive alternatives have been exhausted.

As a first step to facilitate United States participation in international organization, your subcommittee believes a joint legislative-executive commission should be created. In accordance with the fundamental law and traditions of the United States, negotiations with respect to an international economic organization must be conducted by the executive branch of the Government. The legislative branch, however, must eventually sanction any international agreements arrived at by authorizing domestic enabling machinery and by appropriating funds necessary for American participation. A special liaison group composed of representatives of both the legislative and the executive would compile the relevant facts and formulate policies, thus assuring effective intragovernmental cooperation. Representatives of industry, labor, and agriculture should be invited to participate in the deliberations of the joint commission, so that the best developed and most fully supported proposals can be given immediate and thorough consideration.⁴

In connection with the development of specific measures, the studies of this subcommittee point to the need for new methods of interchange of scientific and technical information. It is obvious that wherever we export producers' equipment we will send with it the necessary technical know-how. But international cooperation should establish a more complete pattern for exchange of information. We believe that in this respect all the nations of the world will be eager to cooperate with our own country, which is one of the most technologically advanced in the world. Within the framework of the international economic organization, there should be set up a special section where representatives of the nations would meet and work out agreements assuring the most rapid and useful scientific exchange. This country should have a scientific agency to represent us in such an international body. This agency would make available to the United States Government and industry as rapidly and as fully as possible the scientific advances being made abroad.

In this connection it is suggested that there be a revision of the present patent procedure with respect to inventions originating abroad. The primary intention of United States patent law is to promote the progress of the domestic sciences and arts by granting patents to inventors. The application of these laws to foreign-originated discoveries cannot be viewed as serving this purpose. In fact, your subcommittee has found that the application of the domestic patent law to foreign-initiated discoveries has been one of the main-

⁴ A proposal for such a joint commission is embodied in S. J. Res. 120, now before the Senate Foreign Relations Committee.

stays of the international cartel system. There is abundant proof that it served the Germans very handily in impeding technical and production developments in this country. There are, for example, situations in which American companies wished to proceed in the production of materials and devices which would have been useful to our national defense, but found that the discoveries had been turned over by the Germans to some other American concern which was not equally interested in the development of these same materials and devices.

In order to prevent any possible repetition of these restrictions on domestic production and interferences with national defense, the present patent laws could be revised so as to require that any discovery originated abroad be licensed to any American producer who wishes to use it on a nonexclusive basis for payment of a reasonable royalty. For this purpose foreign-originated patents could be registered with a designated Federal agency which would determine the amount of reasonable royalty after representations by the foreign inventor and the prospective domestic licensee. By international agreement the United States could arrange that this same agency represent American inventors abroad in securing foreign patents and collecting for them reasonable royalties.

The disposition of seized enemy property represents another area in which the studies of this subcommittee suggest a specific course of action. Your subcommittee has earlier recommended the confiscation of German property abroad by the United Nations. With respect to the United States, it urges further that seized enemy property, excluding patents, be disposed of and the proceeds of sale revert to the General Treasury to meet part of our war cost. Enemy-originated patents should remain the property of the Federal Government and should be made available to all American industry through a system of general licensing. Such a procedure should be applied not only to isolated patents but also to the entire patent structures of vested and supervised enemy alien property. Such patents are not simply physical assets of these corporations; they were frequently constructed in such fashion as to bottleneck American production.

As was pointed out earlier in this report, it will be necessary for the United Nations to continue to ferret out and destroy all centers of German economic power and resistance throughout the world. Your subcommittee believes that the valuable work of the several Government departments concerned with the disclosure of German economic warfare—the armed services, Department of Justice, Treasury Department, and Foreign Economic Administration—should be continued as part of any general international effort along these lines.

Finally, in connection with the outlawing of international cartels, it will be necessary to implement international agreements by domestic enforcement measures. When international agreement along these lines has been achieved, the authority of the Department of Justice to prevent participation by domestic concerns in any kind of international cartel should be examined. If necessary, additional authority should be conferred by Congress.

Part II. Analytical and Technical Supplement, containing the following material, is printed as a separate document and a limited quantity is available from the Subcommittee on War Mobilization, Room 103, Senate Office Building:

Section I. Examples of Cartel Operation:

The titanium cartel—United States participants not German owned.

The hormone cartel—United States participants include German subsidiaries.

I. G. Farbenindustrie and its ramifications.

List of American companies reported in 1937 as having cartel agreements with I. G. Farbenindustrie.

Summary of cartel agreements of I. G. Farben as reported in 1937.

Section II. Antitrust Proceedings Against Cartels:

List of domestic and foreign business concerns involved in antitrust proceedings against international cartels by the Department of Justice.

List of products involved in antitrust proceedings against international cartels by the Department of Justice.

Section III. Citations of Cartel Practices:

Reported cartel and related practices by name of company or person cited, type of commodity, or field of activity.

Section IV. Analytical Summary of Evidence on German Economic Aggression:

Cartels and the evasion of the Versailles Treaty.

The military optical goods cartel.

The international steel cartel.

Chemical and dyestuff cartels.

The alliance of German cartelists and Nazis.

German-controlled firms in the United States.

Economic penetration of Latin America by German steel interests.

German penetration of the American aircraft industry.

German influence in the American fuel-injection industry.

Effects of cartels on war mobilization of American industry.

X

EXECUTIVE YUAN
NATIONAL GOVERNMENT OF CHINA

November 18, 1944.

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

Dear Mr. Morgenthau:

With reference to the question of the settlement of advances for U.S. Army Expenditures in China and also for the construction of the Chengtu airfields, you will recall that, during our discussions at Bretton Woods on July 16th, I have stated that, in order to meet the wishes of the U.S. Government to the utmost of our capacity I am willing to accept on behalf of my Government the suggestion made by General Clay, with the understanding that the lump-sum you offered (U.S.\$125 million including the U.S.\$25 million paid in March for the account of February) would be accepted as America's payment for clearing the account up to June 30th, 1944 for U.S. Army expenditures in China, except the advances for the Chengtu airfields, which constitute a separate account. I wish to state that I still adhere to this statement which is in compliance with the wish of President Roosevelt who has given the estimate of monthly expenditure to be in the neighborhood of U.S.\$25 million.

In accordance with this settlement it is understood that China will receive U.S.\$25 million per month as payment for its equivalent in Chinese currency calculated according to the official rate, and credit the balance to Reverse Lend-lease account.

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As for the Chengtu airfields, I had received documentary material since the Bretton Woods discussions which were communicated to you on September 9, 1944, confirming the fact to which I have referred throughout our discussions on this subject that the advances for the Chengtu airfields, which are built specially for the use of the Superfortresses (B-29), constitute a totally separate project. General Hearn in a memorandum dated January 8, 1944, stated on the authority of General Marshall that "the United States will bear the cost of labor and material for Chengtu airdrome construction at a rate of exchange to be arrived at under negotiation in progress." On January 12, General Stilwell transmitted to Generalissimo Chiang a telegraphic message from President Roosevelt with reference to the Chengtu airfields in which the President said, "I'll undertake to make available the necessary fund through lend-lease appropriation if that would hasten the completion of the work on the desired schedule."

With the understanding contained in these communications and in compliance with President Roosevelt's wish to hasten the construction work, the National Treasury and the Central Bank of China have advanced the necessary funds for this purpose. China has paid for the cost of land and part of the labor cost for which she is not making any claim. As for the rest, we would consider carefully any suggestion that you would care to make as to the ways of clearing up this account.

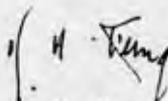
- 3 -

On November 16th, I had an interview with President Roosevelt. In the course of our conversation, we touched upon the question of U.S. Army expenditures in China and he confirmed that the Chengtu airfields constitute a separate project and that the advances which China have made to cover the cost for their construction will be paid separately as stated in his telegram of January 12th. The clarification of this fact, I am sure, will help us to come to a speedy settlement of this problem.

Although President Roosevelt generously offered to pay for the maintenance as well as construction expenses of the U.S. armed forces in China, China has paid for the board and lodging of U.S. armed forces in China which up to the end of June, 1944 costed China nearly a total of 2 billion dollars Chinese currency and is costing now about 400 million dollars per month. China is not asking for the repayment of these expenses and will credit them to Reverse Lend-Lease account.

With best personal regards,

Sincerely yours,


H. H. Kung

C O P Y

In a memorandum, No. 111, dated January 8, 1944, General Hearn referred to a reply from General Marshall to his inquiry which stated that "the United States will bear the cost of labor and material for Chengtu airdrome construction at a rate of exchange to be arrived at under negotiation now in progress."

On January 12, General Stilwell transmitted to Generalissimo Chiang a telegraphic message from President Roosevelt with reference to the Chengtu airfields, part of which reads: "We can supply the technical engineering supervision but rely upon you to provide the necessary labor and material so as not to draw on the air supply line stop I'll undertake to make available the necessary fund through Lend-Lease appropriation if that will hasten the completion of the work on the desired schedule."

Treasury Department
Division of Monetary Research

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Date Nov. 18, 1944.....19

To: Secretary Morgenthau

1. I feel that the attached memorandum recording an interview between Mr. Service of the State Department and the leader of the Chinese Communists is of sufficient importance to warrant being called to your attention. The Chinese Communists believe that civil war is inevitable unless we actively throw our weight against it. They now regard the American attitude toward them as the decisive factor in the general determination of their policy and appear to be anxious to cooperate with us. This fact gains added importance with the approaching end of the war in Europe and the possibility of a more active Russian policy in the Far East.

Q. In the normal course of events, this memorandum would go to the President through the State or War Department. Adler asked Service if it had been submitted to the President and Service indicated that it hadn't.

H.D.W.

MR. WHITE
Branch 2058 - Room 214-1/2

TREASURY DEPARTMENT

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INTER OFFICE COMMUNICATION

DATE November 18, 1944

TO Mr. White

FROM Mr. Adler

Subject: Digest of "Interview with Mao Tse-tung".

1. Kuomintang-Communist relations are the key problem of China. Civil war has been prevented by the following factors: the Japanese attack on China, the pressure of foreign opinion; Communist strength, the will of the Chinese people, and the internal weakness of the Kuomintang. With the approach of the end of the war a shift in these forces is taking place which increases the possibility of civil war which the Communists abhor. The Kuomintang is already visibly preparing pretexts for civil war and to use puppet troops against the Communists. The hope for preventing civil war therefore rests to a very great extent on the influence of foreign countries. Among these by far the most important is the United States, whose growing power in China and in the Far East can be decisive. The Communists now regard the American attitude to them as the decisive factor in the general determination of their policy.
2. Mao, therefore, raised three questions about American policy toward China.
 - (a) The first question, namely whether there was a chance of an American reversion to isolationism with a resulting lack of interest in China, has already been answered by the re-election of the President.
 - (b) The second question was whether the American Government is interested in democracy in China. Mao pointed out that the present government in China has no legal status and is in no way representative of the people of China. He stated it was essential that the Government should broaden its base and that this should be done by the immediate convention of a provisional National Congress, one-half of the members of which would be Kuomintang, the others to consist of representatives of all the other parties. The government would be directly responsible to this Congress. Mao wished to know if the American Government was willing to make a proposal for and support the calling of such a Congress.
 - (c) The third question was the attitude and policy of the American Government toward the Chinese Communist party, whether we recognized it as an active fighting force against Japan and as an influence for democracy in China and whether there was any chance of American support for the Chinese Communists and what the American attitude would be if there was a civil war in China. He asked if American policy was to try to induce the Kuomintang to reform itself. The Communists wished to risk no conflict with the United States. But if the Kuomintang does not reform itself, will the United States continue to recognize and support it?

3. The Generalissimo is in a position where he must listen to the United States. He is stubborn, but fundamentally he is a gangster and the only way to handle him is to be hardboiled. You can be friendly with him only on your own terms. There is no longer any need to placate Chiang. The presence of American soldiers in China is beneficial. It helps to prevent civil war and acts as a liberalizing influence, for instance, in Kunming. The Kuomintang, therefore, fears an American landing in China only second to Russian participation in the Far Eastern war.
4. The Communists feel that the Americans must land in China. If they do not, the Kuomintang will continue as the Government, without being able to be the Government. If there is a landing, the Americans will have to cooperate with both the Kuomintang and the Communists, as the Communists are the inner ring and the Kuomintang is further back. In this case it is important that the Communists and the Kuomintang be allowed to work in separate sectors, as the Kuomintang is too afraid to work with the Communists and will try to checkmate them.
5. The Communists do not expect Russian help nor are they certain of Russian participation in the war in the Far East. Mao thus indicated that the Chinese Communists would prefer to have an American rather than a Russian orientation. Cooperation between America and the Chinese Communists would be beneficial and satisfactory to all concerned. Mao said that the Communists have considered changing their name and that if people knew them they would not be frightened by the name, as their policies are merely liberal. Their rent reduction is gradual, their limit on interest is ten percent a year, and they support the industrialization of China by free enterprise with the aid of foreign capital. The United States would find the Communists more cooperative than the Kuomintang, as the Communists are not afraid of American democratic influence, they would welcome it. They wish to raise the standards of living of the people rather than to build up armaments.

INTERVIEW WITH MAO TSE-TUNG

August 23, 1944

- (After a short general conversation Mao said that he would like to talk about Kuomintang-Communist relations. The following is the gist of his remarks.)

The relationship between the Kuomintang and the Communist Party is the key to the problem of China. In the first stage, from 1922 to 1927, there was cooperation. This made possible the success of the Northern Expedition and the rise to power of the Kuomintang. But as soon as the Kuomintang got that power it sought to monopolize it; it turned against and tried to exterminate us. The result was the second stage--the ten years of civil war from 1927 to 1937. The third stage, a return to cooperation, was impelled by the imminence of the Japanese invasion. It has continued precariously up to the present.

This cooperation of the third stage was not entered into gladly or willingly by the Kuomintang. Its acceptance by the KMT has never been sincere or whole-hearted. It was forced on the KMT by five factors:

1. The Japanese attack
2. The pressure of foreign opinion
3. The enduring strength of the Communists--exploited at Sian
4. The will of the people of China--to resist Japan
5. The internal weakness of the KMT--which made it unable to defeat us.

The end of the war (and even its approaching end) will bring a shift in these forces.

The defeat of Japan will eliminate the most powerful and positive of these factors.

The Communists are stronger than before. In this way it can be said that their influence for unity and against civil war is greater. But as long as the KMT is under its present type of leadership this greater Communist strength makes the KMT more determined on Communist elimination. This can work only up to a certain point: if the Communists are too strong, the KMT will not dare to attack them. But the KMT leaders are so grasping for power that they may take long chances.

The people of China are still inarticulate and politically repressed. They are kept so by the KMT. The liberals, students, intellectuals, publicists, newspaper interests, Minor Parties, provincial groups, and modern industrialists (who have been disillusioned and see no future for themselves in Kuomintang bureaucratic industrialization) are numerous. But they are disorganized, disunited and without power. Over them Chiang holds the bayonets and the secret police.

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The Kuomintang is an amorphous body of no definite character or program. The liberal groups within it have no strong leader, no rallying point, and no aggressive platform. If they did have these they would have no way, under present circumstances, of reaching the people. The controlling leaders of the Kuomintang, though divided into jealous cliques, are all anti-Communist and anti-democratic. They are united by their selfish determination to perpetuate their own power.

Considering these factors alone it seems inevitable, if the country drifts along under the present leadership, that there will be Kuomintang provoked civil war.

We Communists know civil war from bitter experience. We know that it will mean long years of ruin and chaos for China. China's unity, her stabilizing influence in the Far East, and her economic development will all be delayed. Not only the Chinese but also all nations having interests in the Far East will be affected. China will become a major international problem. This vitally concerns the United States.

One thing certain is that we Communists dread civil war. We abhor it. We will not start it. We will do our best to avoid it--even though we know that as things now are (provided that the KMT does not receive foreign help) we would eventually win. But the Communists are of the people. The people's interests are our interests. The people will not submit for long to the despotic Fascism which is now apparent in Chungking and Sian, and which is foreshadowed even more menacingly in books like Chiang's "China's Destiny". If the people fight, the Communists must fight along with them.

The hope for preventing civil war in China therefore rests to a very great extent--much more than ever before on the influence of foreign countries. Among these by far the most important is the United States. Its growing power in China and in the Far East is already so great that it can be decisive. The Kuomintang in its situation today must heed the United States.

American policy in China therefore becomes not merely a matter of concern to Americans alone; it is also a question of the most vital interest to the democratic people of China. The Chinese people, accordingly, are interested in three general questions.

First, is there a chance of an American swing back toward isolationism and a resultant lack of interest in China? Are Americans close their eyes to foreign problems and let China "stew in her own juice"? We Communists feel that this problem will not arise if Roosevelt is re-elected.

(This and other questions about the United States were addressed directly to me. I therefore made it clear, in the most explicit terms, that I had no official authority and that my replies were only my purely private and completely unofficial opinions.

On the above points, I mentioned America's long and special interest in China; the fact that we would have no internal reconstruction problem as a result of war destruction; that on the contrary

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our greatly expanded economy and our more international outlook would impel us to seek trade and investment beyond our borders; that it was therefore unlikely that we would become isolationist; or unconcerned about China; and that I doubted whether administration of the country by either Republicans or Democrats would fundamentally affect our China policy.)

Second, is the American Government really interested in democracy--in its world future? Does it, for instance, consider democracy in China--one-fourth of the world's population--important? Does it want to have the government of China really representative of the people of China? Is it concerned that the present government of China, which it recognizes, has no legal status by any law and is in no way representative of the people of China? Chiang Kai-shek was elected President by only 90 members of a single political party, the Kuomintang, who themselves cannot validly claim to represent even the limited membership of that party. Even Hitler has a better claim to democratic power. He was selected by the people. And he has a Reichstag. Does the United States realize the obvious fact that the present Kuomintang has lost the confidence and support of the Chinese masses? The important question, however, is not whether the American Government realizes this fact, but whether it is willing to try to improve the situation by helping to bring about democracy in China.

(I referred to the numerous official American statements regarding unity in China and our general hope for democratic development in all countries. I mentioned the apparent trend of at least an important part of American opinion as shown in recent critical articles in the American press.)

It is obvious that the Kuomintang must reform itself and reorganize its government. On its present basis it cannot hope to fight an effective war. And even if the war is won for it by the United States, subsequent chaos is certain.

The government must broaden its base to take in all important groups of the people. We do not call for full and immediate representative democracy; it would be impractical. And, under Kuomintang sponsorship and control, it would be an empty fraud. But what can and should be done--at once--is to convene a provisional (or transitional) National Congress. To this all groups should be invited to send delegates. These delegates must not be selected and appointed by the Kuomintang, as in the past. They must be genuine representatives--the best qualified leaders. They should include the Communist Party, all Minor Parties, the intellectual groups, newspaper interests, students, professional groups, central organizations of cooperative societies, labor and other mass organizations.

A workable compromise for the distribution of strength might be that the Kuomintang would have one-half of the members, all others together the other half. It would have to be agreed beforehand, for reasons of practical politics, that the Generalissimo would be confirmed as Temporary President.

This Provisional Congress must have full power to reorganize the Government and make new laws--to remain in effect until the passage of the Constitution. The Government should be directly

responsible

responsible to the Congress. Its functions and powers might be somewhat like those of the British House of Commons.

The Provisional Congress would also have full charge of the preparations for full democracy and Constitutionalism. It would supervise the elections and then convene the National Congress. It would then turn over its powers and pass out of existence.

Is the American Government willing to use its influence to force the Kuomintang to carry out such a proposal? Is the American Government willing to make the proposal and actively support it?

(Chairman Mao made the suggestion that this matter was of such importance that it would warrant my making a trip to Chungking to present it to the Ambassador. I said that the Ambassador would be fully informed. I also suggested that we had already heard this general proposal from other quarters in Chungking.

Subsequently on August 26 I learned in a conversation with CHOU En-lai that the Politbureau of the Communist Party was considering the making of this proposal to the Kuomintang. They would base it on the Kuomintang's refusal to discuss the Communist demands for democracy in their present negotiations on the ground that they are "too abstract".)

Third, what is the attitude and policy of the American Government toward the Chinese Communist Party? Does it recognize the Communist Party as an active fighting force against Japan? Does it recognize the Communists as an influence for democracy in China? Is there any chance of American support of the Chinese Communist Party? What will be the American attitude--toward the Kuomintang and toward the Communists--if there is a civil war in China? What is being done to ensure that the Kuomintang will not use its new American arms to fight a civil war?

(These questions, especially the points raised in the second and third, formed the framework of our further conversation. I returned to a number of points for further amplification and discussion.

Regarding the question of "support" of the Communist Party, I pointed out that the question was obscure and, in any case, premature inasmuch as the Communists themselves publicly supported the Central Government and Chiang Kai-shek.)

We Communists accepted KMT terms in 1936-7 to form the United Front because the foreign menace of Japan threatened the country. We are, first of all, Chinese. The 10 years of inconclusive, mutually destructive civil war had to be stopped in order to fight Japan. Even though we had not started the civil war, we took the lead in stopping it. Also, the foreign countries recognized the KMT and Chiang: they did not support us. But the United Front was not all one-sided: The KMT also promised political reforms--which they have not carried out.

Our support of Chiang does not mean support of despotism; we support him to fight Japan.

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We could not raise this question of recognition before. In a formal sense it is still premature. We only ask now that American policy try to induce the Kuomintang to reform itself. This would be a first stage. It may be the only one necessary: if it is successful there will be no threat of civil war.

But suppose that the KMT does not reform. Then there must be a second stage of American policy. Then this question of American policy toward the Communists must be raised. We can risk no conflict with the United States.

We can ignore the question of the supply of American arms now which can be used by the KMT in a future civil war. But must we expect a repetition of past history. In the early days of the Republic, the Powers recognized only Peking--long after it was apparent that the only government that could claim to represent the people of China was that in Canton. Nanking was not recognized until after the success and completion of the Northern Expedition. Now the internal situation in China is changing. The lines are not yet clearly drawn. But a somewhat similar situation may develop. Will the United States continue to give recognition and support to a government that in ineffectiveness and lack of popular support can only be compared to the old Peking Government?

(I suggested the diplomatic impossibility of withdrawing recognition from a government that had not committed a directly unfriendly act, the obvious undesirability of working behind a recognized government to support an opposition party, and finally the delicacy of the whole problem of interference in the domestic affairs of another country.)

America has intervened in every country where her troops and supplies have gone. This intervention may not have been intended and may not have been direct. But it has been nonetheless real--merely by the presence of that American influence. For America to insist that arms be given to all forces who fight Japan, which will include the Communists, is not interference. For America to give arms only to the Kuomintang will in its effect be interference because it will enable the Kuomintang to continue to oppose the will of the people of China. "Interference" (Mao noted his objection to the term because of its having no meaning in this situation) to further the true interests of the people of China is not interference. It will be welcomed by the great mass of the people of China because they want democracy. Only the Kuomintang is against it.

We do not ask the stopping of all aid to the KMT forces. The effect would not be good on the war. The KMT would collapse and the American landing in China will be more difficult.

(CHOU En-lai in a subsequent conversation developed the following themes along related lines: (1) The giving of American arms only to the KMT is sure to mean civil war; (2) We must not ignore the possibility that Japan may try to end the war by a "surrender" to Chiang Kai-shek. This will be a trick on the other Allies and will in effect be a compromise based on Japan's desire to keep a weak Kuomintang rather than a strong, unified and democratic government in China; (3) The only way to be sure of decisively winning the war in China and avoiding civil war is to give arms to both Kuomintang and Communists.)

I raised

I raised the question of how American influence could be exerted effectively, expressing skepticism about "dictation" to Chiang. Mao vigorously rejected my suggestion.)

Chiang is in a position where he must listen to the United States. Look at what happened in Honan, is happening now in Hunan, and shows every sign of happening in Kwangsi; perhaps it will be Yunnan next. Look at the economic situation; Chiang is in a corner.

Chiang is stubborn. But fundamentally he is a gangster. That fact must be understood in order to deal with him. We have had to learn it by experience. The only way to handle him is to be hardboiled. You must not give way to his threats and bullying. Do not let him think you are afraid; then he will press his advantage. The United States has handled Chiang very badly. They have let him get away with blackmail--for instance, talk of being unable to keep up resistance, of having to make peace, his tactics in getting the 500 million dollar loan, and now Kung's mission to the U. S. and the plea for cloth. Cloth! Are we or are we not fighting the Japanese! Is cloth more important than bullets? We had no cotton here in the Border region and the KMT blockade kept us from getting any from the parts of China that did have it. But we got busy and soon we are going to be self-sufficient. It would be 100 times easier for the KMT, and if they were a government that had an economic policy they would have done it themselves.

With Chiang you can be friendly only on your own terms. He must give in to constant, strong and unified pressure. Never relax on your objectives; keep hammering at him.

The position of the United States now is entirely different from what it was just after Pearl Harbor. There is no longer any need or any reason to cultivate, baby or placate Chiang. The United States can tell Chiang what he should do--in the interest of the war. American help to Chiang can be made conditional on his meeting American desires. Another way for American influence to be exerted is for Americans to talk American ideals. Every American official meeting any Chinese official, in China or in the United States, can talk democracy. Visits like Wallace's give good opportunities; there should be more of them. Kung's presence in the United States should not be wasted.

Every American soldier in China should be a walking and talking advertisement for democracy. He ought to talk it to every Chinese he meets. American officers ought to talk it to Chinese officers. After all, we Chinese consider you Americans the ideal of democracy.

(I suggested that the use of our Army as a political propaganda force was alien--and that we had nothing corresponding to the Communist Political Department to indoctrinate the troops and direct such work.)

But even if your American soldiers do not actively propagandize, their mere presence and contact with Chinese has a good effect. We welcome them in China for this reason. The Kuomintang does not. It wants to segregate them and keep them from

knowing

knowing what conditions really are. How many American observers do you have now in the front lines? We are happy to take your men anywhere. The KMT is worried about the effect of a lot of Americans in China. They fear an American landing only second to their fear of Russian participation.

The presence of Americans is good in another negative way. If Americans are scattered widely they will have a restraining effect on the Kuomintang. It will be more difficult for the KMT to start trouble. An example is Kunming. It has become a center of liberal thought and student freedom because the KMT doesn't dare to arrest and throw the students into concentration camps under the eyes of so many Americans. Compare this with Sian, where Americans are very few and the Secret Police unrestrained.

Criticism of the Kuomintang in American periodicals is good. Its effect may not be immediately apparent. Sometimes it may even seem temporarily to have a bad reaction. But if it is fair (the KMT will know if it is) it causes the KMT to hesitate and think--because they need American support.

Finally any contact you Americans have with us Communists is good. Of course we are glad to have the Observer Section here because it will help to beat Japan. But there is no use in pretending that--up to now at least--the chief importance of your coming is its political effect on the Kuomintang.

(I noted his emphasis on American landing in China and suggested that the war might be won in other ways and a landing not necessary.)

We think the Americans must land in China. It depends, of course on Japanese strength and the developments of the war. But the main Japanese strength is in the Yangtze valley and North China--not to speak of Manchuria.

If the Americans do not land in China, it will be most unfortunate for China. The Kuomintang will continue as the government--without being able to be the government.

If there is a landing, there will have to be American cooperation with both Chinese forces--KMT and Communist. Our forces now surround Hankow, Shanghai, Nanking and other large cities. We are the inner ring: The KMT is further back.

If there is to be this cooperation with both Communist and KMT forces, it is important that we be allowed to work in separate sectors. The KMT is too afraid of us to work with us. Their only concern will be to checkmate us. When we are in separate sectors, the U. S. Army can see the difference: That we have popular support and can fight.

(I questioned whether open civil war was, as he had suggested, inevitable if the KMT was not restrained or induced to reform.)

We can say that civil war is "inevitable but not quite certain". Subjectively, the present KMT leaders are determined on the elimination of the Communists. They are afraid of us just as, and for the same reasons as, they are afraid of the people. Objectively, there are factors--the five mentioned at the beginning of the talk--which restrain the KMT. The

strongest

strongest of these--the Japanese will be out of the picture. Another--strong because outside and independent of the KMT--is foreign opinion. But it is now unpredictable. The KMT still hopes that foreign influence may be on its side.

The KMT is already busy preparing pretexts for civil war. The more you know of us and conditions in our areas, the less value these pretexts will have.

So the KMT may resort to indirect methods of attack. It will be hard to define or set a line to its aggression.

But if the KMT undoes the progress that has been accomplished in our areas, if they take away the new democratic rights of the people, the people will resist and will demand our help.

Another line of KMT action will be through the puppets. The puppets will turn back to the KMT--claiming to have been "patriotic" all the time. The KMT will then use the puppets to hold the cities and areas from which the Japanese withdraw. They will incite the puppets to attack us and to create friction.

(CHOU En-lai carries this line further by suggesting that this may be a part of the possible fraudulent Japanese surrender to Chiang: The Japanese will turn over their arms to the puppets (or the KMT) on the condition that the Communists will be liquidated.

This may seem at first a little far-fetched. The only possible comment is that the forces involved in this situation are so complicated and their hatreds so intense, that almost anything is possible.)

The fact is clear, even to the Kuomintang, that China's political tendency is toward us. We hold to the Manifesto of the First Kuomintang Congress. This is a truly great and democratic document. Sun Yat-sen was no Communist. The Manifesto is still valid. It will not quickly pass out of date. We will hold to it even if the KMT should collapse because its general policies are good and suited to China. Everything we have done, every article of our program, is found in that document.

Of course, we do not pretend that we are perfect. We still face problems of bureaucracy and corruption. But we do face them. And we are beating them. We welcome observation and criticism--by Americans, by the KMT or by anyone else. We are constantly criticizing ourselves and revising our policies toward greater efficiency and effectiveness.

Our experience proves that the Chinese people understand democracy and want it. It does not take long experience or education or "tutelage". The Chinese peasant is not stupid; he is shrewd and like everyone else, concerned over his rights and interests. You can see the difference in our areas--the people are alive, interested, friendly. They have a human outlet. They are free from deadening repression.

(I queried his emphasis on the importance of the United States and his neglect to consider Russia.)

Soviet participation either in the Far Eastern War or in China's post-war reconstruction depends entirely on the circumstances of the Soviet Union. The Russians have suffered greatly in the war and will have their hands full with their own job of rebuilding. We do not expect Russian help.

Furthermore

- 9 -

Furthermore, the KMT because of its anti-Communist phobia is anti-Russian. Therefore KMT-Soviet cooperation is impossible. And for us to seek it would only make the situation in China worse. China is dis-unified enough already! In Any case Soviet help is not likely even if the KMT wanted it.

But Russia will not oppose American interests in China if they are constructive and democratic. There will be no possible point of conflict. Russia only wants a friendly and democratic China. Cooperation between America and the Chinese Communist Party will be beneficial and satisfactory to all concerned.

(I jokingly remarked that the name "Communist" might not be reassuring to some American business men. Mao laughed and said that they had thought of changing their name but that if people knew them they would not be frightened.)

The policies of the Chinese Communist Party are merely liberal. Our rent reduction is from the old 80-70-60% down to the legal (by unenforced Kuomintang law) 37½%. Even this we only try to accomplish gradually because we don't want to drive away the landlords. Our limit on interest is 10% a year. This is not extreme--though it is much lower than it used to be.

Even the most conservative American businessman can find nothing in our program to take exception to.

China must industrialize. This can be done--in China--only by free enterprise and with the aid of foreign capital. Chinese and American interests are correlated and similar. They fit together, economically and politically. We can and must work together.

The United States would find us more cooperative than the Kuomintang. We will not be afraid of democratic American influence--we will welcome it. We have no silly ideas of taking only Western mechanical techniques. Also we will not be interested in monopolistic, bureaucratic capitalism that stifles the economic development of the country and only enriches the officials. We will be interested in the most rapid possible development of the country on constructive and productive lines. First will be the raising of the living standard of the people (see what we have done here with our limited resources). After that we can come to the "national defense industry" that Chiang talks of in his "China's Destiny". We will be interested in the welfare of the Chinese people.

America does not need to fear that we will not be cooperative. We must cooperate and we must have American help. This is why it is so important to us Communists to know what you Americans are thinking and planning. We cannot risk crossing you--cannot risk any conflict with you.



White 254 ✓

FOREIGN ECONOMIC ADMINISTRATION
WASHINGTON 25, D. C.

IN REPLY REFER TO:

November 18, 1944

MEMORANDUM

To: The Hon. Henry Morgenthau
From: Maj. Gen. C. M. Wesson *Crew*
Director, Division for Soviet Supply
Subject: Status of the Soviet Aid Program

Attached hereto is your personal copy of the report on the Status of the Soviet Aid Program as of September 30, 1944. This report summarizes operations in the month of September and in the entire period from October 1, 1941 to date.

STATUS OF THE SOVIET AID PROGRAM
AS OF SEPTEMBER 30, 1944

Prepared for the President's Soviet Protocol Committee
by the Foreign Economic Administration
November 15, 1944

STATUS OF THE SOVIET AID PROGRAM PERFORMANCE DURING SEPTEMBER

Cargo shipped from the Western Hemisphere during the first four months of the Protocol period has totalled 1,766,000 long tons. This is 494,000 tons, or 39 percent, in excess of the proposed minimum average shipping commitment. Cargo shipped during September totalled 580,000 tons, which is 37 percent above the proposed minimum.

Shipments during September, and in the period from July 1 to September 30, 1944, are summarized as follows:

	September 1944		July - Sept. 1944	
	Long Tons	Percent of Total	Long Tons	Percent of Total
U. S. SUPPLIES				
R.R. Transportation Equip.	30,900	5%	141,300	8%
Trucks and Other Vehicles	65,800	12	176,100	10
Metals	150,100	26	372,000	21
Chemicals and Explosives	43,300	8	128,900	7
Petroleum Products *	82,100	14	237,400	14
Machinery and Equipment	46,100	8	183,900	10
Food	112,100	19	338,500	19
Other U. S. Supplies	30,800	5	103,100	6
U. S. TOTAL	561,200	97	1,681,200	95
BRITISH AND CANADIAN SUPPLIES	18,700	3	84,300	5
TOTAL	579,900	100%	1,765,500	100%

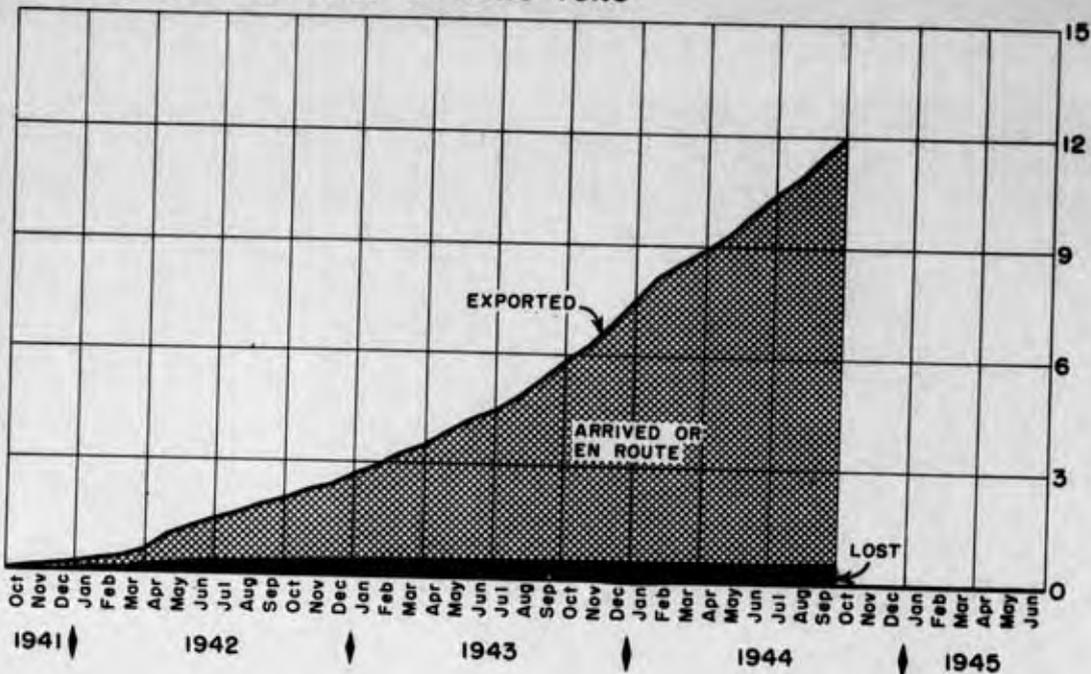
* Does not include clearance through the Persian Corridor of petroleum products supplied by U. K. at Abadan for U. S. Account.

During September, 350 Army aircraft departed from North America for the U.S.S.R. All were flown by Soviet pilots from Fairbanks, Alaska. Of these, 6 were supplied by the U.S. for United Kingdom account under the Third Protocol. In addition, 2 Navy patrol bombers were flown from Elizabeth City, N.C. by Soviet crews.

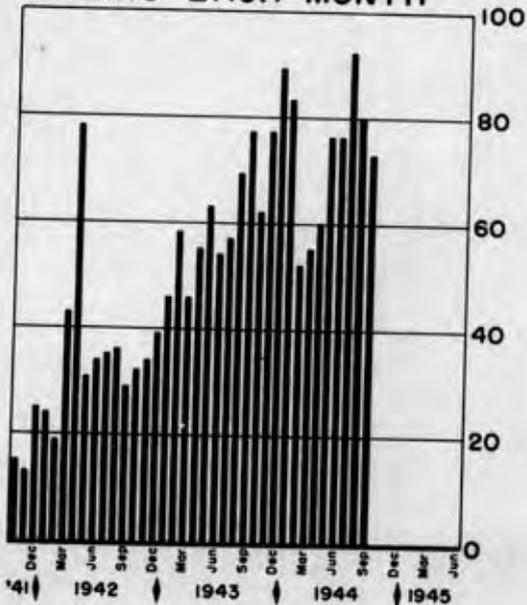
Other important items shipped in September were 249 medium tanks, 11,110 trucks, 144 R.R. locomotives, 654 R.R. freight cars, 243 marine engines, machinery and equipment valued at \$46,000,000, 47,000 short tons of high octane gasoline, 30,000 tons of gasoline blending agents, 10,000 tons of alcohol, 16,000 tons of toluol and 10,000,000 yards of cloth.

Foreign Economic Administration
November 15, 1944

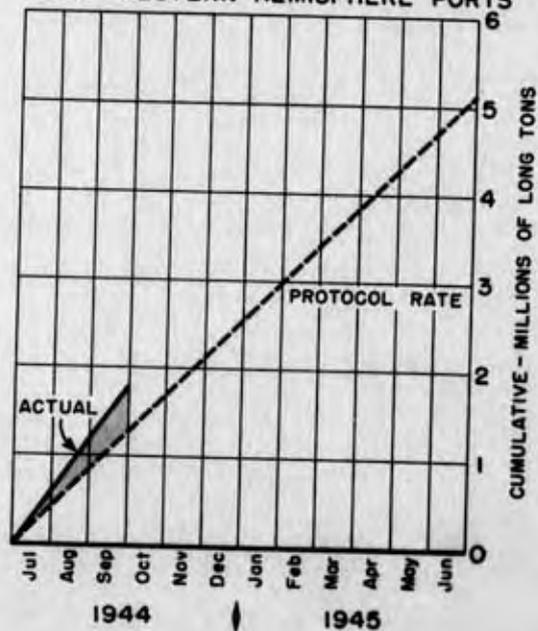
SHIPMENTS TO U.S.S.R. CUMULATIVE - MILLIONS OF LONG TONS



NUMBER OF SHIPS SAILING EACH MONTH



FOURTH PROTOCOL CLEARANCES FROM WESTERN HEMISPHERE PORTS



Foreign Economic Administration

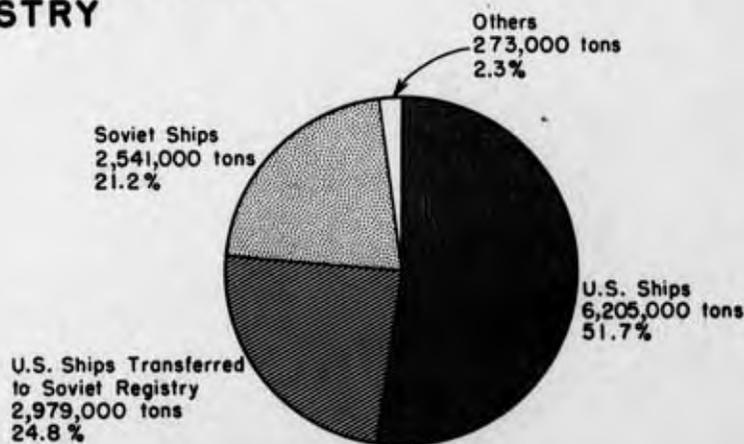
ACTUAL SHIPMENTS VS PROTOCOL SHIPPING OBJECTIVE

FOURTH PROTOCOL - CUMULATIVE

	ATLANTIC ROUTE			PACIFIC ROUTE			TOTAL SHIPMENTS		
	Actual Shipments	Protocol Objective	Actual in % of Objective	Actual Shipments	Protocol Objective	Actual in % of Objective	Actual Shipments	Protocol Objective	Actual in % of Objective
JUL 1944	283,153	223,215	126.9%	341,330	200,893	169.9%	624,483	424,108	147.2%
AUG	505,152	446,429	113.2	680,727	401,786	169.4	1,185,879	848,215	139.8
SEP	783,568	669,643	117.0	982,228	602,679	163.0	1,765,796	1,272,322	138.8
OCT		892,857			803,572			1,696,429	
NOV		1,116,071			1,004,465			2,120,536	
DEC		1,339,286			1,205,357			2,544,643	
JAN 1945		1,562,500			1,406,250			2,968,750	
FEB		1,785,714			1,607,143			3,392,857	
MAR		2,008,928			1,808,036			3,816,964	
APR		2,232,142			2,008,929			4,241,071	
MAY		2,455,356			2,209,822			4,665,178	
JUN		2,678,571			2,410,714			5,089,285	

Data on actual shipments and protocol objective are in long tons

DISTRIBUTION OF TONNAGE BY SHIP REGISTRY



SHIPMENTS, IN GROSS LONG TONS, FROM OCTOBER 1, 1941 TO SEPTEMBER 30, 1944

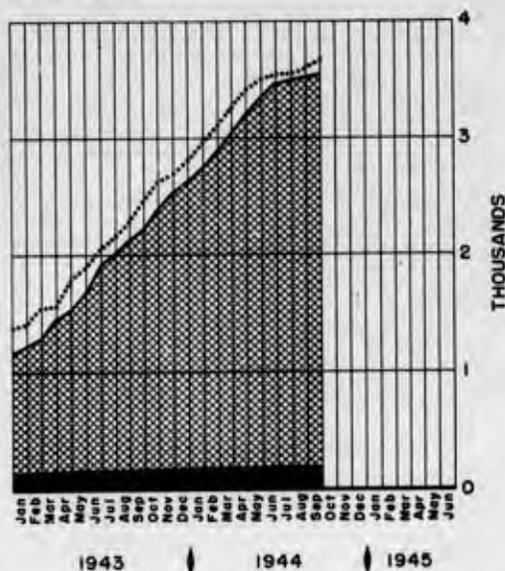
EXPORTS AND AVAILABILITY

CUMULATIVE SINCE OCTOBER 1, 1941

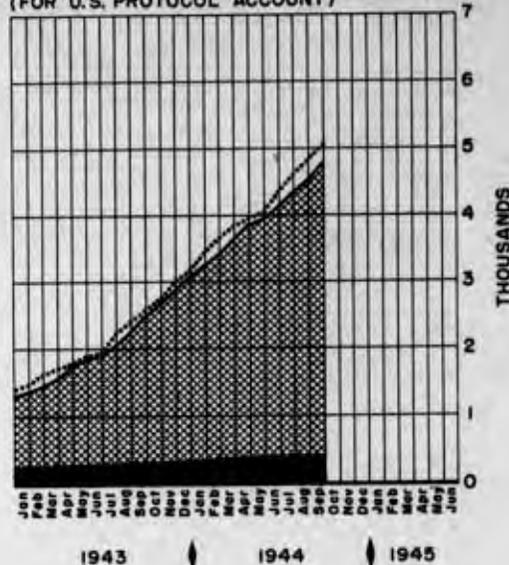
..... Quantity made available at U.S. centers of production



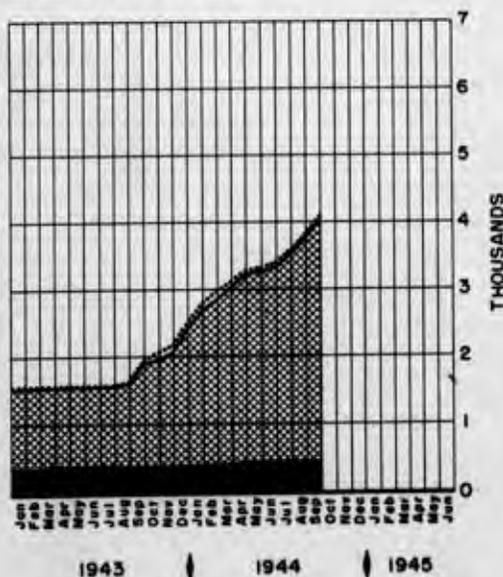
BOMBERS



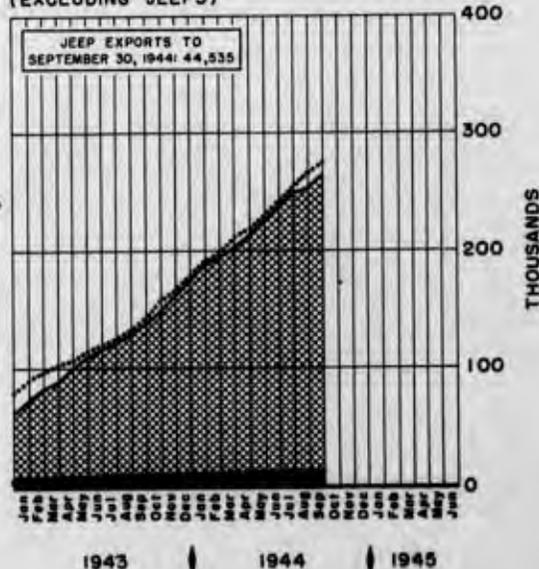
PURSUIT PLANES (FOR U.S. PROTOCOL ACCOUNT)



MEDIUM TANKS



TRUCKS (EXCLUDING JEEPS)



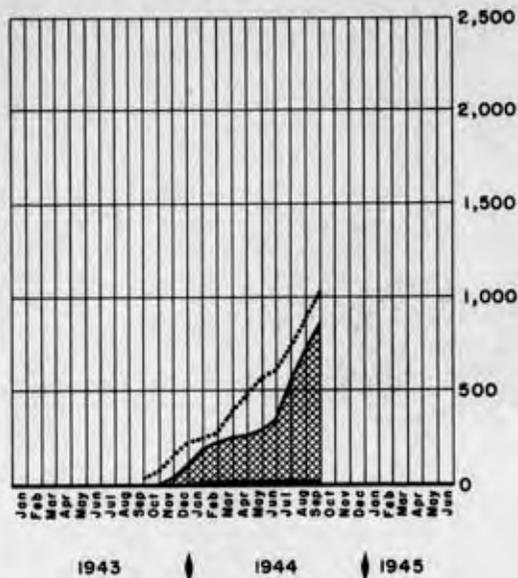
EXPORTS AND AVAILABILITY

CUMULATIVE SINCE OCTOBER 1, 1941

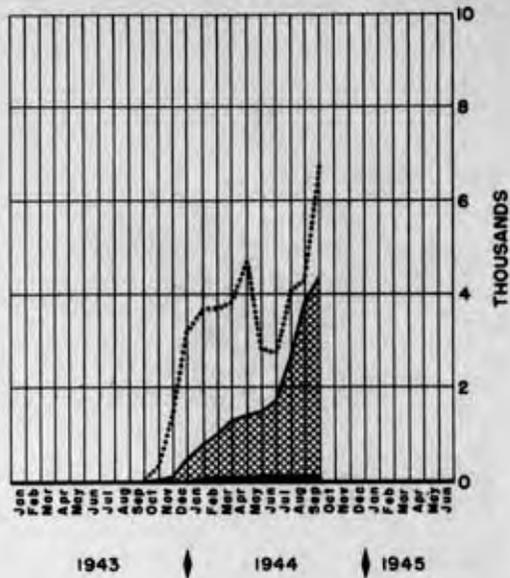
..... Quantity made available at U.S. centers of production



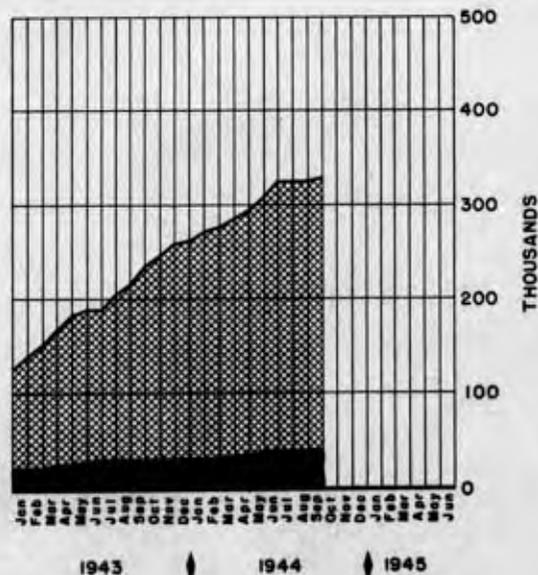
LOCOMOTIVES



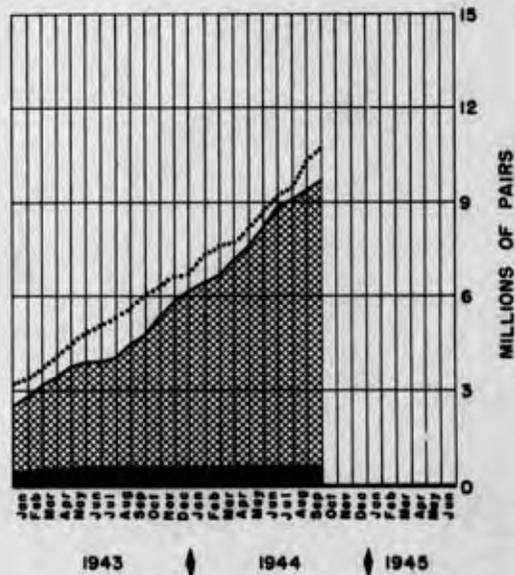
FLAT CARS



FIELD TELEPHONES



ARMY BOOTS



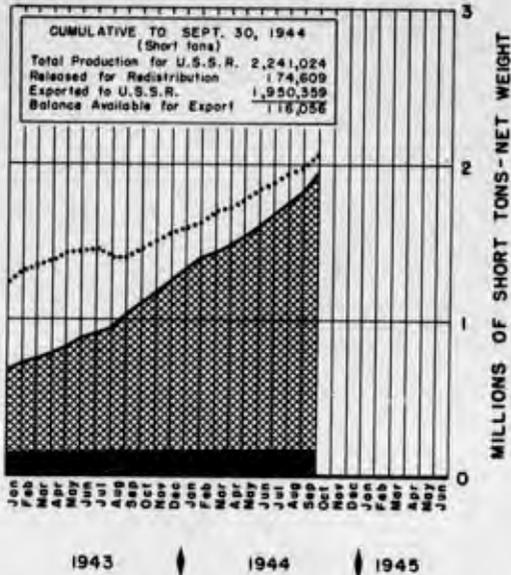
EXPORTS AND AVAILABILITY

CUMULATIVE SINCE OCTOBER 1, 1941

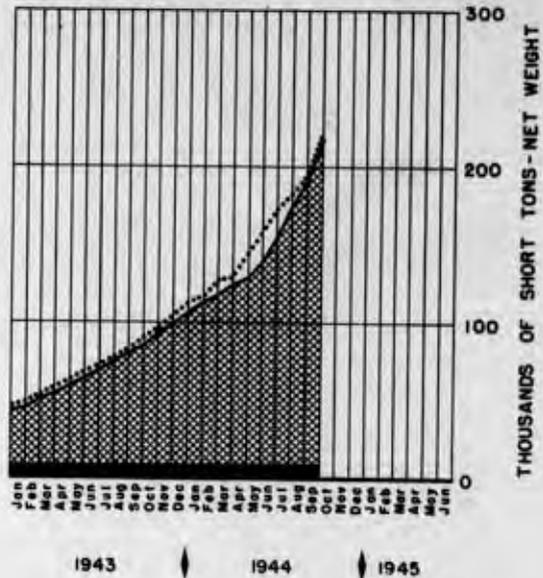
..... Quantity made available at U.S. centers of production



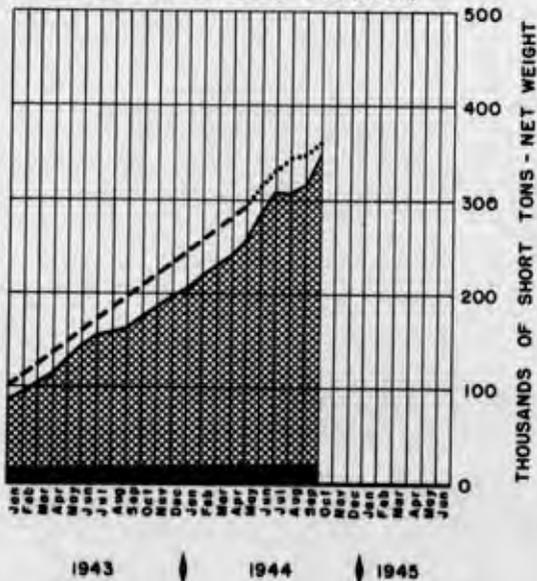
STEEL



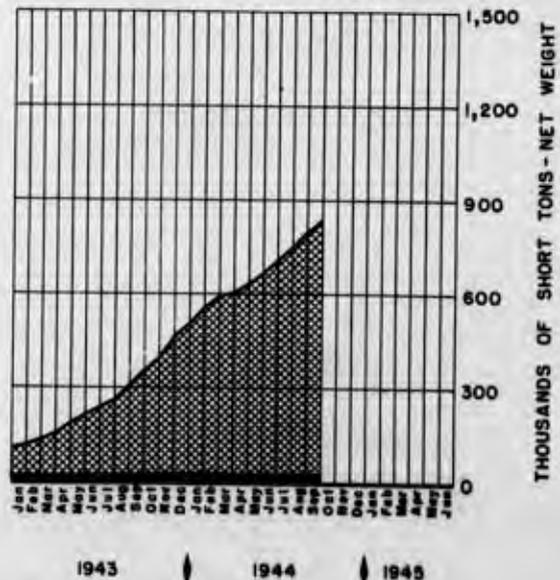
ALUMINUM (ALL FORMS)



COPPER (INCLUDING COPPER BASE PRODUCTS)



CHEMICALS AND EXPLOSIVES



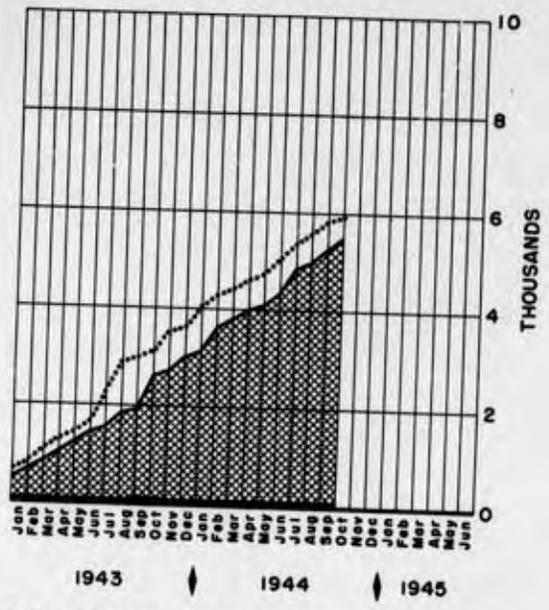
EXPORTS AND AVAILABILITY

CUMULATIVE SINCE OCTOBER 1, 1941

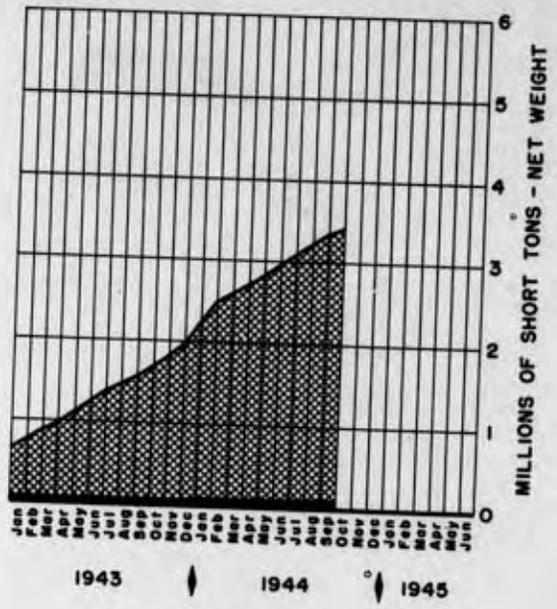
..... Quantity made available at U.S. centers of production



MARINE ENGINES



FOODSTUFFS



Foreign Economic Administration

STATEMENT OF VESSELS SAILED TO U.S.S.R.
As of September 30, 1944

Date of Sailing	Number of Vessels Sailing					Arrived	En Route as of Sept. 30	Cargo Disch. in U.K.	Lost	Losses by Month
	For North Russia	For Persian Gulf	For Soviet Arctic	For Soviet Far East	Total					
1941 Oct	10	-	-	5	15	14	-	-	1	-
Nov	9	1	-	3	13	12	-	-	1	-
Dec	14	7	-	4	25	22	-	-	3	1
1942 Jan	20	-	-	4	24	19	-	1	4	3
Feb	13	2	-	4	19	16	-	-	3	1
Mar	31	6	-	6	43	32	-	4	7	9
Apr	62	6	-	10	78	46	-	13	19	-
May	14	10	-	7	31	21	-	4	6	6
Jun	8	11	6	9	34	27	-	-	7	6
Jul	2	5	16	12	35	34	-	-	1	16
Aug	11	5	1	19	36	33	-	-	3	1
Sep	4	8	-	17	29	29	-	-	-	10
Oct	-	13	-	19	32	32	-	-	-	-
Nov	-	8	-	26	34	32	-	-	2	3
Dec	4	11	-	24	39	38	-	1	-	-
1943 Jan	12	12	-	22	46	38	-	8	-	-
Feb	23*	7	-	28	58	36	-	20	2	1
Mar	1	19	-	26	46	44	-	1	1	2
Apr	-	18	-	37	55	54	-	-	1	1
May	-	15	4	44	63	62	-	-	1	-
Jun	-	4	5	45	54	54	-	-	-	2
Jul	-	17	16	24	57	57	-	-	-	-
Aug	-	24	7	38	69	67	-	-	2	2
Sep	-	27	-	50	77	77	-	-	-	-
Oct	10	25	-	27	62	61	-	-	1	-
Nov	20*	25	-	32	77	76	-	-	1	1
Dec	29*	21	-	39	89	87	-	-	2	-
1944 Jan	30	26	-	27	83	82	-	-	1	3
Feb	17**	16	-	19	52	51	-	-	1	1
Mar	16	21	-	18	55	53	-	-	2	1
Apr	-	35	-	25	60	59	-	-	1	3
May	-	36	-	40	76	76	-	-	-	-
Jun	-	24	9	43	76	76	-	-	-	-
Jul	20	17	15	40	92	91	-	-	1	1
Aug	25	5	9	41	80	77	3	-	-	-
Sep	23	11	1	38	73	3	70	-	-	-
Oct										
Nov										
Dec										
Total Oct. 1941 to Sept. 30, 1944	428	498	89	872	1,887	1,688	73	52	74	74

* Includes one tanker from U.K. for U.S. Protocol Account.

** Includes two tankers from U.K. for U.S. Protocol Account.

Of the 1,887 sailings from October 1, 1941 to September 30, 1944, 876 were made by American vessels, 597 by Soviet vessels, 382 by American vessels transferred to Soviet registry, 31 by British vessels and 1 by a Swedish vessel. In addition to the 1,887 sailings, there were 110 ships that loaded partial cargoes in the U.S. for the U.S.S.R. In addition to the 74 ships shown above as lost, several ships have been sunk on their return voyages.

STATEMENT OF CARGO SHIPPED TO U.S.S.R.
As of September 30, 1944
(Thousand of Gross Long Tons)

	For North Russia	For Persian Gulf		For Soviet Arctic	For Soviet Far East		Total	Arrived	En Route as of Sept. 30	Disch. or on Hand in U.K.	Lost	Losses by Month
		Full Cargoes	Partial Cargoes		Full Cargoes	Partial Cargoes						
1941 Oct	48	-	-	-	17	-	65	62	-	-	3	-
Nov	41	3	-	-	14	-	58	55	-	-	3	-
Dec	50	10	-	-	11	-	71	63	-	-	8	3
1942 Jan	63	-	-	-	26	-	89	72	-	1	16	9
Feb	66	4	1	-	20	-	91	76	-	-	15	5
Mar	171	17	1	-	25	-	214	163	-	5	46	42
Apr	376	21	-	-	38	-	435	267	-	40	128	-
May	92	79	8	-	33	-	212	141	-	19	52	38
Jun	55	84	7	18	31	-	195	139	-	-	56	55
Jul	13	39	25	46	59	1	183	174	-	-	9	114
Aug	69	40	25	2	83	-	219	197	-	-	22	7
Sep	28	63	9	-	79	-	179	179	-	-	-	65
Oct	-	109	12	-	108	-	229	229	-	-	-	2
Nov	-	66	5	-	106	1	178	165	-	-	13	17
Dec	29	83	9	-	123	-	244	237	-	7	-	2
1943 Jan	73	83	4	-	98	-	258	210	-	48	-	2
Feb	173	40	-	-	129	-	342	178	-	150	14	8
Mar	9	131	-	-	123	-	263	246	-	9	8	16
Apr	-	138	5	-	194	-	337	330	-	-	7	7
May	-	112	9	13	216	-	350	343	-	-	7	-
Jun	-	25	4	16	229	1	275	275	-	-	-	15
Jul	-	116	10	58	152	-	336	336	-	-	-	-
Aug	-	173	4	32	261	-	470	456	-	-	14	14
Sep	-	194	4	-	313	-	511	511	-	-	-	-
Oct	66	187	6	-	181	-	440	431	-	-	9	-
Nov	145	194	1	-	229	-	569	561	-	-	8	9
Dec	214	167	-	-	262	-	643	629	-	-	14	-
1944 Jan	222	202	-	-	176	-	600	597	-	-	3	22
Feb	127	114	-	-	100	-	341	333	-	-	8	3
Mar	110	152	-	-	91	-	353	339	-	-	14	8
Apr	-	275	-	-	134	-	409	405	-	-	4	18
May	-	287	-	-	264	-	551	551	-	-	-	-
Jun	-	187	-	28	307	-	522	522	-	-	-	-
Jul	156	127	-	66	276	-	625	624	-	-	1	1
Aug	185	36	-	31	309	-	561	541	20	-	-	-
Sep	191	88	-	3	298	-	580	25	555	-	-	-
Oct												
Nov												
Dec												
Total Oct. 1941 to Sept. 30, 1944	2,772	3,646	149	313	5,115	3	11,998	10,662	575	279	482	482

NOTE: In addition to the above, the U.S. has aided in the movement through the Persian Corridor of petroleum products originating at British refineries in Abadan, reported to total 272,700 long tons.

In addition to the 185,000 tons shown as shipped to North Russia in August 1944, an undetermined amount of U.S. Army cargo lifted on the August ships will be turned over to Soviet authorities in North Russian ports.

AIRCRAFT DELIVERIES TO U. S. S. R.

October 1, 1941 to September 30, 1944

Protocol requirements are filled upon delivery of aircraft from factories.

Departure points from North America are: U.S. ports for water shipments, Fairbanks for flight-deliveries via the Alaskan-Siberian Ferry Route, and Miami, Florida or adjacent fields for flight-deliveries via the South Atlantic. Planes shipped by water to North Russia are considered delivered upon arrival at Murmansk or Archangel. Planes shipped by water to the Persian Gulf are assembled at Abadan and with planes arriving there over the South Atlantic Ferry Route are delivered at Abadan to U.S.S.R. pilots. Alaskan-Siberian Ferry Route planes are delivered to Soviet pilots at Fairbanks.

With the exception of 59 P-40 fighters shipped from U.S. ports in September, 1941 and arrived in North Russia in November and December, 1941, this schedule includes all aircraft departed from U.S. for direct delivery to the U.S.S.R. Aircraft shipped from the U.S. intended for use in the United Kingdom but retransferred from the United Kingdom to the U.S.S.R. are not included.

	Delivered at Factories	In North America September 30, 1944		Lost in North America		Departed North America	Lost After Departure	Diverted to Others	En Route N. A. to Destination 9/30/44	Arrived at Destination	Delivered to U.S.S.R. at Destination
		In U.S.	In Canada and Alaska	In U.S.	In Canada and Alaska						
BY ROUTES											
Alaskan-Siberian Ferry Route	5,582	109	172(129)*	61	49(3)*	5,191	0	0	0	5,191	5,191
South Atlantic Route to Abadan	1,055	0	0	17	0	1,038	43	1	0	994	990
Water to North Russia	1,483	0	0	0	0	1,483	310	1	0	1,172	1,172
Water to Persian Gulf Assembly at Abadan	4,143	0	0	1	0	4,142	235	0	50	3,857	3,754
Total	12,263(b)	109	172(129)*	79	49(3)*	11,854	588	2	50	11,214	11,107
BY TYPE OF PLANE											
Pursuit Planes											
P-40 Alsib	50	0	0	0	2(1)*	48	0	0	0	48	48
P-40 Persian Gulf, Water	872	0	0	0	0	872	54	0	0	818	(3)** 1,080
P-40 Persian Gulf, Water U.K. Account	300	0	0	0	0	300	0	0	0	300	900
P-40 North Russia, Water	1,149	0	0	0	0	1,149	248	1	0	900	900
P-39 Alsib	1,022	0	0	9	14(1)*	999	0	0	0	999	999
P-39 Alsib-U.K. Account	1,637	0	0	28	17	1,592	0	0	0	1,592	1,592
P-39 Alsib-Reimbursement Account	30	0	0	0	3	27	0	0	0	27	27
P-39 North Russia, Water	57	0	0	0	0	57	7	0	0	50	50
P-39 North Russia, Water U.K. Account	35	0	0	0	0	35	5	0	0	30	30
P-39 North Russia, Water Reim. Acc.	28	0	0	0	0	28	0	0	0	28	28
P-39 Persian Gulf, Water	1,101	0	0	0	0	1,101	38	0	50	1,013	(1)**
P-39 Persian Gulf, Water U.K. Account	893	0	0	0	0	893	53	0	0	840	(1)** 1,972
P-39 Persian Gulf, Water Reim. Acc.	121	0	0	0	0	121	0	0	0	121	(1)**
P-47 Alsib	3	0	0	0	0	3	0	0	0	3	3
P-47 North Russia, Water	3	0	0	0	0	3	0	0	0	3	3
P-47 Persian Gulf, Water	197	0	0	1	0	196	11	0	0	185	132
P-63 North Russia, Water	3	0	0	0	0	3	0	0	0	3	3
P-63 Alsib, U.K. Account	85	0	1(1)*	0	0	84	0	0	0	84	84
P-63 Alsib	578	82	126(97)*	0	2(1)*	368	0	0	0	368	368
Total Pursuit Planes	8,164	82	127(98)*	38	38(3)*	7,879	416	1	50	7,412	(6)** 7,319
Light Bombers											
A-20 Alsib	1,297	0	0	22	9	1,266	0	0	0	1,266	1,266
A-20 South Atlantic	927	0	0	17	0	910	39	1	0	870	866
A-20 North Russia, Water	165	0	0	0	0	165	39	0	0	126	126
A-20 Persian Gulf, Water	637	0	0	0	0	637	79	0	0	558	(7)** 550
Total Light Bombers	3,026	0	0	39	9	2,978	157	1	0	2,820	(7)** 2,808
Medium Bombers											
B-25 Alsib	493	18	32(21)*	0	2	441	0	0	0	441	441
B-25 South Atlantic	128	0	0	0	0	128	4	0	0	124	124
B-25 North Russia, Water	5	0	0	0	0	5	0	0	0	5	5
Total Medium Bombers	626	18	32(21)*	0	2	574	4	0	0	570	570
Heavy Bombers											
B-24 Alsib	7(a)	6	0	0	0	1	0	0	0	1	1
Cargo Planes											
C-47 Alsib	380	3	13(10)*	2	0	362	0	0	0	362	362
Observation Planes											
O-52 North Russia, Water	30	0	0	0	0	30	11	0	0	19	19
Advanced Trainers											
AT-6-C North Russia, Water	8	0	0	0	0	8	0	0	0	8	8
AT-6-C Persian Gulf, Water	22	0	0	0	0	22	0	0	0	22	(1)** 20
Total Advanced Trainers	30	0	0	0	0	30	0	0	0	30	(1)** 28
P4M Patrol Bombers	138	56	4	0	0	78	0	0	-	-	-

* At Fairbanks

** Water shipments received at Abadan washed out before delivery to U.S.S.R. pilots.

(a) One heavy bomber carrying a U.S. Mission became stranded in Siberia and was transferred to the Soviet Government.

(b) Does not include 48 P4M Patrol Bombers made available by the Navy and flown from the U.S. by Soviet crews. Route unknown. Does not include 90 P4M Patrol Bombers made available by the Navy and to be flown north to Fairbanks.

EXPORTS AND AVAILABILITY

As of September 30, 1944

SECRET
Sheet 1

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Sept. 30, 1944				
	Total Offering	Offering to 9/30/44	Made Available to 9/30/44 ^a	During Sept. 1944	7/1/44 to 9/30/44	Made Available ^a	Exported ^b	Lost Enroute	Diverted Enroute	
I AIRCRAFT AND EQUIPMENT										
Aircraft (For U.S. Protocol Account)										
I-1A Pursuit Planes	2,450	650	685	280	674	} See Detailed Schedule				
1B Light Bombers	0	0	0	1	44					
1C Medium Bombers	300	75	106	43	58					
1D Heavy Bombers	0	0	6	0	0					
1E Transport Planes	240	60	60	20	40					
1F Flying Boats, F4M	30	8	51(d)	2(d)	51(d)					
1G Observation Planes	0	0	0	0	0					
1H Advanced Trainers	0	0	0	0	0					
(For U.K. Protocol Account) (Under Reciprocal Agreement)										
I-1A Pursuit Planes	0	0	0	6	177					
(For Reimbursement Account)										
I-1A Pursuit Planes	0	0	0	0	0					
I-6A Link Trainers	0	0	0	0	0	10	5	0	0	
6B Aircraft Landing Mats (1000 sq. feet)	16,000	8,000	11,684	91	9,402	14,978	12,695			
II MILITARY SUPPLIES										
Combat Vehicles										
II-1A1 Light Tanks	0	0	0	0	0	1,680	1,680	443	0	
II-1A2 Medium Tanks	3,173	769	732	249	723	4,082	4,029	405	0	
II-1B1 Self-Propelled Guns, AT 76 mm	0	0	0	0	0	5	5	0	0	
II-1B2 Self-Propelled Guns, AT 57 mm	0	0	0	0	0	650	650	0	0	
II-1B3 Self-Propelled Guns, AT 3"	0	0	0	0	0	52	52	0	0	
II-1B4 Self-Propelled Guns, AA .37 mm	0	0	0	0	0	100	100	0	0	
II-1B5 Self-Propelled Guns, AA .50 Cal.	0	0	0	0	0	1,000	1,000	0	0	
II-1C Half Tracks	0	0	284	120	238	1,081	978	54	0	
II-1D Armored Scout Cars	0	0	146	94	231	3,714	3,066	228	0	
II-1I Universal Carriers	0	0	0	0	0	0	0	0	0	
Total	3,173	769	1,162	463	1,192	12,364	11,560	1,130	0	
Ordnance Service Vehicles										
II-2A Field Repair Trucks	222	21	6	44	66	1,189	1,170	3	0	
II-2B Tank Recovery Units	0	0	0	0	0	136	130	0	0	
II-2C Tank Transporters	400	0	50	0	0	426	284	20	0	
Total	622	21	56	44	66	1,751	1,584	23	0	
Trucks										
II-3A1 Jeeps (1/2 ton 4x4)	9,300	4,650	2,700	592	863	46,580	41,525	3,657	1,378	
II-3A2 Jeeps, Amphibian	0	0	0	0	210	3,012	3,010	0	0	
II-3B1 Trucks, 3/4 ton	16,000	2,400	2,280	1,014	2,595	19,978	18,235	78	598	
II-3B2 Trucks, 1 1/2 ton	41,436	16,146	12,182	4,688	11,780	125,232	122,399	6,580	1,826	
II-3B3 Trucks, 2 1/2 ton	73,560	16,815	13,452	4,474	12,656	126,921	121,424	4,236	704	
II-3B4 Trucks, 2 1/2 ton Amphibian	300	150	144	92	92	144	92	0	0	
II-3C Trucks, 5 ton and over	1,040	0	100	20	20	154	74	0	0	
II-3D Trucks, Special Purpose	1,700	210	334	162	260	985	798	0	0	
II-3I Truck-Tractors with Trailers	1,275	218	214	68	189	1,220	1,059	6	0	
II-3K (Engines for Trucks)	(0)	(0)	0	(22)	(66)	(3,500)	(3,498)	(0)	(0)	
Total Trucks	144,611	40,589	31,406	11,110	28,665	324,226	308,616	14,557	4,506	
Other Vehicles & Track-Laying Tractors										
II-4A1 Motorcycles	12,000	3,485	1,429	552	2,736	27,761	26,852	1,870	1,100	
II-4B1 Tractors, Prime Mover Type	2,400	600	418	257	672	6,025	5,175	253	0	
II-4B3 Engines for Tractors	2,000	225	0	0	0	0	0	0	0	
Artillery and Ammunition										
II-5A1 AA Guns, 90 mm	240	120	20	16	16	244	240	8	0	
II-5A2 AA Guns, 40 mm	0	0	35	0	184	5,616	5,579	196	0	
II-5A3 AA Guns, 37 mm	0	0	0	0	0	424	424	16	0	
II-5A4 AA Machine Guns, 50 Cal.	0	0	0	0	0	2,000	1,925	0	0	
II-5A7 AA Guns, 1.7"	0	0	0	0	0	4	4	0	0	
II-5B1 AT Guns, 3" mm	0	0	0	0	0	63	63	28	0	
II-5B4 AT Guns, 57 mm	0	0	0	0	0	0	0	0	0	
II-5C1 Submachine Guns, 45 Cal.	0	0	0	0	0	140,122	135,633	23,340	0	
II-5D1 Pistols and Revolvers	0	0	0	0	0	13,000	13,000	1,500	0	
II-5F Mortars	0	0	0	0	0	30	30	0	0	
II-5G Smoke Pots (1000 units)	0	0	423	104	138	1,370	1,010	0	0	
II-5H Ammunition (except for Naval Armament, (1000 rds.)	Ammunition supplied with Armament in accordance with U.S. Standards									
II-5J Rocket Launchers	0	0	0	0	0	3,000	3,000	0	0	
II-5K Howitzer Guns, 240	2	0	0	0	0	0	0	0	0	
II-5L Guns, 8"	2	0	0	0	0	0	0	0	0	

Notes: a Made available from production or assignments after deduction of quantities repossessed or diverted before export. Includes purchases for cash.
 b Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.
 c In most instances spare parts are supplied in accordance with U.S. standards.
 d Departures from Elizabeth City, N.C.

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Sept. 30, 1944			
	Total Offering	Offering to 9/30/44	Made Available to 9/30/44 a	During Sept. 1944	7/1/44 to 9/30/44	Made Available a	Exported b	Lost Enroute	Diverted Enroute
II. MILITARY SUPPLIES (cont.)c									
Explosives (short tons, 2000 lbs.net wgt.)									
II-6A1 Smokeless Powder	65,000	16,250	5,699	1,079	6,544	140,924	126,516	4,910	0
II-6A2 Stick Powder	0	0	92	0	510	2,175	2,119	0	0
II-6A3 Other Powder	0	0	35	0	35	39	39	0	0
II-6A4 Cordite Powder	0	0	0	0	0	919	636	0	0
II-6B T.N.T.	60,000	15,000	23,500	985	13,012	134,926	111,348	3,849	290
II-6C Dynamite, incl. Ammonite	11,608	2,902	8,372	1,801	10,000	32,994	28,617	0	0
II-6D Picric Acid	0	0	0	0	150	1,994	1,535	92	0
II-6E Colloxylin (Nitrocellulose in Alcohol)	0	0	121	296	796	8,257	6,256	1,401	86
II-6F (Detonators, Blasting Supplies, etc. (\$1000))	(3,248)	(1,624)		(**)	(**)	(**)	(**)	(**)	(**)
II-6G (Other Explosives & Components) (\$1000)	(0)	(0)	(0)	(**)	(**)	(**)	(**)	(**)	(**)
Total Explosives (tons)	136,608	34,152	37,819	4,161	31,012	322,228	277,027	10,252	336
Wireless Communication Equipment									
II-7A1 Radio Stations over 1 KW, Marine	153	25	**	**	**	**	**	**	**
II-7A2 Radio Stations over 1 KW, Other			1	7	11	22	22	0	0
II-7B1 Radio Stations 1 KW & Under, Marine	12,100	3,325	3,190	476	2,695	**	29,991	846	32
II-7B2 Radio Receivers, Marine			**	**	**	**	**	**	**
II-7C2 Radio Receivers, Other	2,600	25	30	**	**	**	**	**	**
II-7D1 Radio Locators, Marine	Under	Study	**	**	494	**	4,120	19	0
II-7D2 Radio Locators, Ground	196	98	38	**	11	**	**	**	**
II-7D3 Radio Locators, Aircraft	Under	Study	**	**	3	**	76	47	0
II-7E Radio Direction Finders	200	98	290	73	209	**	**	**	**
II-7F Radio Altimeters	300	150	10	0	0	**	273	0	0
II-7G Radio Beacons	Under	Study	0	16	21	**	**	**	**
II-7H Radio Tubes (1000 units)	5,000	1,250	**	**	**	**	35	0	0
II-7I Radio Components, Parts & Access. (\$1000)			487	45	204	**	2,780	5	0
II-7J Radio Measuring & Testing Equip. (\$1000)	3,438	500	229	104	310	**	1,320	2	0
II-7K Radio Compass	1,200	600	100	0	0	**	0	0	0
Construction Machinery (\$1000)									
II-8A Road & Airport Construction Equip.	2,925	223	645	3	217	1,271	826	108	0
II-8B Tractor Mounted Construction Equip.	1,605	134	83	537	615	1,061	1,032	0	0
II-8C Mixers and Pavers	1,994	131	173	225	237	843	560	0	0
II-8D R.R. Construction Equipment	0	0	0	0	0	635	609	0	0
Total (\$1000)	6,524	488	901	765	1,069	3,810	3,027	108	0
R.R. Transportation Equipment									
II-9A1 Steam Locomotives	1,585	540	417	144	515	1,018	854	6	0
II-9A3 Diesel-Electric Locomotives	100	25	0	0	0	0	0	0	0
II-9B1 Flat Cars	12,244	3,622	3,926	549	2,726	6,682	4,366	54	0
II-9B2 Dump Cars	1,130	315	610	100	1,000	1,000	1,000	0	0
II-9B3 Tank Cars	0	0	0	0	3	100	100	0	0
II-9B4 Heavy Machinery Cars	35	18	15	5	5	15	5	0	0
Total units	15,094	4,510	4,988	798	4,249	8,815	6,375	60	0
Medical Supplies (\$1000)									
II-10 Medical Supplies (Protocol Items Only)	17,500	4,375	2,706	**	**	**	**	**	**
Other Military Items									
II-11A Cableway Bridges	0	0	0	0	0	15	15	0	0
II-11C Portable Pipelines	0	0	0	0	0	2	2	0	0
II-11D Flashlights w/Dry Cells	0	0	0	0	0	100,000	100,000	0	0
III NAVAL AND MARINE EQUIPMENT									
Ships, Except Combat									
III-1A Dry Cargo Vessels, Transferred	0	0	(-) 3d	0	(-) 3	57d	57		
1B Tankers, Transferred	Under	Study	14	1	1	13d	13		
1C Icebreakers, Transferred	0	0	0	0	0	1	1		
1D Tugboats	33	-	1	1	1	1	1		
1F Stern Schooners	0	0	0	0	0	1	1		
1G Pneumatic Pontoons	Under	Study	0	0	0	1	1		
1E Cableships	Under	Study	0	0	0	3,000	3,000	552	0
Combat Ships									
III-2A Submarine Chasers, 110'	23	-	20	7	20	43	43		
2B Submarine Chasers, 65'	17	-	19	0	4	80	51	2	0
2C Torpedo Boats	130	-	32	18	31	120	92	3	7
2D Minesweepers	Under	Study	0	0	0	10	10		
2E Escort Vessels	Under	Study	0	0	0	0	0		
2G Landing Craft	0	0	12	6	16	52	46	0	0
2F Tenders	Under	Study	0	0	0	0	0		

Notes: ** Not available

a Made available from production or assignments after deduction of quantities repossessed or diverted before export. Includes purchases for cash.

b Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.

c In most instances spare parts are supplied in accordance with U.S. standards.

d Represents net number of vessels now operating under Soviet flag. Additionally, 9 dry cargo vessels and 5 tankers have been transferred and returned to the U.S. under exchange agreement.

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Sept. 30, 1944			
	Total Offering	Offering to 9/30/44	Made Available to 9/30/44 a	During Sept. 1944	7/1/44 to 9/30/44	Made Available a	Exported b	Lost Enroute	Diverted Enroute
III NAVAL AND MARINE EQUIPMENT (cont)									
Marine Propulsion Machinery, etc.									
III-3A Marine Diesel Engines	2,394	-	312	218	520	1,982	1,841	9	0
3B Marine Gasoline Engines	1,743	-	250	25	144	3,940	3,623	46	0
3C Wooden Gas Engines	200	-	0	0	0	0	0	0	0
3D Outboard Motors	0	0	0	0	400	1,300	1,300	0	0
3E Shafting and Ship Propellers (\$1000)	204	-	55	19	55	124	124	0	0
3F Steering Gears (\$1000)	284	-	0	0	0	43	43	0	0
3G Storage Batteries for Submarines	18	-	2	0	0	24	22	0	0
3I Parts and Equip. for Marine Propulsion Mach. (\$1000)	0	0	415	198	415	988	988	13	0
Special Ship Equipment									
III-4A Salvage Stations and Diving Gear (\$1000)	170	-	40	7	40	767	767	2	0
4B Jetting Apparatus (\$1000)	0	Under Study	0	0	0	112	109	0	0
4D Submarine Rescue Chambers	0	0	0	0	0	1	1	0	0
4E Distilling Apparatus (\$1000)	0	Under Study	0	0	0	36	36	0	0
4G Misc. Special Ship Equip. (\$1000)	0	0	6	6	6	9	9	0	0
2D1 Trawling Equip. for Minesweepers (\$1000)	9,000	-	922	922	922	1,044	1,044	0	0
1D1 Mech. and Elec. Equip. for Tugboats (\$1000)	206	-	402	7	402	534	534	0	0
1H Mech. and Elec. Equip. for Ferryboats (\$1000)	2,540	-	59	59	59	59	59	0	0
Naval Artillery and Ammunition									
III-5A 3"/.50 Cal. D.D. Guns	0	0	0	0	0	523	523	6	0
5B 5"/.38 Cal. D.D. Guns	0	0	0	0	0	150	144	6	0
5C .50 Cal. Machine Guns	0	0	700	400	1,000	2,274	2,108	0	0
5F Oerlikon Guns	0	0	182	0	182	2,080	2,080	111	150
5G Spare Parts & Equip. for Naval Guns (\$1000)	0	0	343	289	343	343	343	0	0
5H Ammunition for Naval Armament			Furnished with	Armsment					
IV FOODSTUFFS (short tons)^c (2000 lbs., net weight)									
IV-1A Wheat	0	0	0	0	0	55,713	55,713	600	0
1B Wheat Flour	280,000	70,000	22,409	1,096	22,409	555,024	555,024	8,827	5,062
1C1 Other Grains	0	0	0	0	0	5,362	5,362	0	0
1C2 Other Flour	0	0	3,106	0	3,106	30,628	30,628	0	0
1C3 Other Basic Grain Mill Prods.	10,000	2,500	3,080	630	3,080	26,034	26,034	130	0
1C4 Other Finished Cereals and Prods.	25,000	6,250	6,592	1,204	6,592	92,861	92,861	1,065	528
1D Dried Peas and Beans	75,000	18,750	3,787	1,494	3,787	222,962	222,962	7,905	23,138
1E1 Seeds, Lend-Lease	34,000	8,500	1,691	572	1,691	18,314	18,314	18	0
1E2 Seeds, R.W.R.	-	-	(0)	(0)	(0)	(2,056)	(2,056)	(0)	0
Sub-total	424,000	106,000	40,665	4,996	40,665	1,006,898	1,006,898	18,545	28,728
IV-2A Sugar, from U.S.	200,000	50,000	27,412	8,843	27,412	444,333	444,333	16,481	12,364
2B Sugar, from Other Sources	150,000	37,500	17,874	0	17,874	94,247	94,247	0	0
Sub-total	350,000	87,500	45,286	8,843	45,286	538,580	538,580	16,481	12,364
IV-3A Canned Dehydrated Meat	7,000	1,750	5,941	1,088	5,941	13,612	13,612	0	0
3B Canned Tusbonka	351,000	87,750	26,994	7,708	26,994	177,643	177,643	2,110	0
3C Other Canned Meat			38,027	18,137	38,027	388,661	388,661	17,449	15,422
Sub-total	358,000	89,500	70,962	26,933	70,962	579,916	579,916	19,559	15,422
IV-4B1 Fat Cuts	100,000	35,000	26,019	8,553	26,019	236,092	236,092	3,198	4,142
4B2 Smoked Meats	20,000	5,000	968	106	968	17,373	17,373	499	302
4B3 Sausage and Meat Preparations	0	0	150	0	150	413	413	0	0
4C1 Butter			7,571	3,815	7,571	58,927	58,927	1,010	735
4C2 Butter Oil	40,000	10,000	6,598	942	6,598	7,559	7,559	0	0
4C3 Carter's Spread			5,189	2,948	5,189	14,203	14,203	109	0
4A Lard	170,000	42,500	32,647	18,605	32,647	205,181	205,181	7,098	16,846
4D Other Animal Fats and Oils			0	0	0	23,499	23,499	637	539
Sub-total	330,000	92,500	79,142	34,969	79,142	563,247	563,247	12,551	22,564
IV-5A1 Vegetable Oil in Bulk	181,000	45,250	67,246	20,159	67,246	344,603	344,603	672	0
5A2 Vegetable Oil in Drums	0	0	1,095	225	1,095	14,158	14,158	37	0
5B Shortening	22,000	5,500	3,657	1,832	3,657	29,180	29,180	286	2,140
5C Oleomargarine	22,000	5,500	147	147	147	40,960	40,960	537	0
Sub-total	225,000	56,250	72,145	22,363	72,145	428,901	428,901	1,532	2,140

Notes: a Made available from production or assignments after deduction of quantities repossessed or diverted before export. Includes purchases for cash.
 b Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.
 c Foodstuffs made available as shipped.

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Sept. 30, 1944			
	Total Offering	Offering to 9/30/44	Made Available to 9/30/44 ^a	During Sept. 1944	7/1/44 to 9/30/44	Made Available ^a	Exported ^b	Lost Enroute	Diverted Enroute
IV FOODSTUFFS (short tons) c (2000 lbs., net weight)									
IV-6A Canned Milk	15,000	3,750	2,429	1,901	2,429	14,833	14,833	282	0
6B Dried Milk	35,000	8,750	4,406	2,004	4,406	54,393	54,393	853	4,394
6C Dried Eggs	60,000	15,000	5,777	1,574	5,777	75,616	75,616	4,773	5,296
6D Cheese	17,000	4,250	2,228	1,577	2,228	21,734	21,734	295	0
6E1 Soya Flour	60,000	15,000	903	0	903	39,913	39,913	1,442	0
6E2 Soya Grits	0	0	280	0	280	18,388	18,388	0	0
6F Fruit and Veg. Pastes and Purees	6,000	1,500	847	581	847	4,506	4,506	0	0
6G Concentrated Juices	2,000	500	10	0	10	1,733	1,733	0	0
6H Dried Fruits	0	0	291	0	291	1,340	1,340	0	0
6I Dried and Dehy. Vegetables	5,263	1,316	548	0	548	4,881	4,881	0	0
6J Dried Soups	4,300	1,075	0	0	0	7,028	7,028	105	0
6K Concentrated Cereals	4,437	1,110	60	60	60	7,751	7,751	95	0
Sub-total	209,000	52,251	17,779	7,697	17,779	252,116	252,116	7,888	9,690
IV-7A Soap	0	0	1,638	632	1,638	7,910	7,910	111	0
7B Soap Stock	0	0	0	0	0	322	322	0	322
Sub-total	0	0	1,638	632	1,638	8,232	8,232	111	322
IV-8A Canned Fruits	0	0	12	0	12	362	362	0	0
8B Canned Vegetables	0	0	247	0	247	1,667	1,667	0	0
8C Fresh Fruit	0	0	121	1	121	185	185	0	0
8D Fresh Vegetables	0	0	516	0	516	1,762	1,762	0	0
8E Vitamins	609	153	208	47	208	754	754	5	36
8F Yeast	600	150	142	5	142	980	980	0	112
8G Tea	0	0	24	2	24	1,021	1,021	0	0
8H Coffee	0	0	54	0	54	6,841	6,841	0	560
8I Salt	0	0	26	15	26	2,180	2,180	0	0
8J Spices	0	0	12	12	12	1,251	1,251	0	0
8K Flavoring Extracts	0	0	0	0	0	211	211	2	0
8L1 Hazel Nuts from Turkey	0	0	0	0	0	3,638	3,638	0	0
8L2 Other Nuts	0	0	0	0	0	58	58	0	0
8M Other Foodstuffs	0	0	190	4	190	2,594	2,594	1	0
8N Feed	0	0	2,365	63	2,365	9,967	9,967	0	0
8O Misc. Agric. Products	0	0	6	6	6	9	9	0	0
Sub-total	1,209	303	4,068	179	4,068	33,480	33,480	8	708
Total Foodstuffs	1,897,209	484,304	331,685	106,612	331,685	3,411,370	3,411,370	76,675	91,938
V MACHINERY AND EQUIPMENT (\$1000)									
V-1 Engines & Turbines, General Purpose	4,368	1,092	858	88	1,020	9,203	8,011	883	0
V-2A Compressors, Marine	Under Study	0	0	76	243	373	370	0	0
V-2B Compressors, Other	5,634	1,189	1,964	715	3,213	11,270	11,217	160	0
V-3A Pumps, Marine	Under Study	0	428	94	541	1,559	1,179	0	0
V-3B Pumps, Other	7,778	1,945	396	495	889	7,560	7,052	104	0
V-4 Crushing & Mixing Machinery & Equipment	10,575	2,560	231	97	1,435	6,438	6,438	83	0
V-5 Conveyors & Conveying Systems	1,114	279	94	342	703	1,409	1,345	0	0
V-6A Winches, Marine	Under Study	0	9	20	48	325	276	0	0
V-6B Cranes, Derricks & Hoists, Other	16,973	4,244	4,310	1,771	6,349	18,118	16,320	58	0
V-7 Industrial Trucks & Tractors	4,834	1,164	816*	79	807	4,900*	4,791	108	0
V-8A Fan and Blower Equip., Marine	Under Study	67	5	5	0	580	513	0	0
V-8B Fan and Blower Equip., Other	4,234	1,059	800	47	627	1,639	1,136	0	0
V-9 Mech. Power Transmission Equip.	0	0	18	14	0	70	55	0	0
V-10 Bearings	15,337	3,835	3,617	1,671	5,150	19,264	18,635	233	0
V-11 Valves and Steam Specialties	4,195	1,049	576	125	1,815	5,783	5,417	58	0
V-12 Misc. General Purpose Industrial Machinery	720	180	298	728	1,213	4,000*	3,926	4	0
V-13A1 Electric Rotating Equip. Marine	Under Study	229	229	210	229	1,268	1,268	0	0
V-13A2 Electric Rotating Equip.	9,128	2,282	3,411	705	849	14,776	11,820	349	3
V-13B1 Generator Sets, Military	2,080	367	300*	186	342	23,300*	23,755	623	0
V-13B2 Generator Sets, Marine	Under Study	1,374	463	1,374	624	6,246	6,246	0	0
V-13B3 Generator Sets, Other	74,035	18,509	32,727	13,339	30,780	50,153	71,508	74	0
V-14 Primary Electric Power Transmission Equipment	4,774	1,193	1,006	154	202	3,953	2,683	6	0
V-15 Power Conversion Equipment	1,073	269	3,551	2	4,803	6,006	5,842	270	0
V-16A Secondary Distribution Equip., Marine	Under Study	0	0	0	0	67	67	0	0
V-16B Secondary Distribution Equip., Other	See V-15	-	181	2	46	1,196	1,002	7	0
V-17 Motor Starters & Controllers	1,957	490	9	0	3	472	654	33	23
V-18 Electric Lamps	0	0	0	0	0	103	87	-	0
V-19 Misc. Electric Equipment	321	81	400*	99	422	2,425*	2,145	3	0
V-20 Food Products Machinery	224	56	129	177	309	789	595	4	0
V-21 Textile Industries Machinery	13	4	35	25	50	1,030	1,008	109	0
V-22 Pulp & Paper Industry Machinery	6	2	0	0	0	365	360	5	0

Notes: *Estimated

- a Made available from production or assignments after deduction of quantities repossessed or diverted before export. Includes purchases for cash.
- b Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.
- c Foodstuffs made available as shipped.
- d Offering includes V-49.
- e Offering includes V-16a.

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Sept. 30, 1944			
	Total Offering	Offering to 9/30/44	Made Available to 9/30/44 ^a	During Sept. 1944	7/1/44 to 9/30/44	Made Available ^b	Exported ^b	Lost Enroute	Diverted Enroute
V MACHINERY AND EQUIPMENT (\$1000) (Cont.)									
V-23 Printing Trades Machinery & Equip.	7	2	7	7	7	51	51	0	0
V-24A Tire Plant	0	0	266	118	266	7,523	7,523	5	0
V-24B Rubber Working Machinery	0	0	58	6	6	58	26	0	0
V-25 Woodworking Machinery	309	78	60	215	351	744	724	12	0
V-26 Metal Melting & Heating Furnaces	5,140	1,285	4,258	1,120	4,433	19,986	18,258	625	0
V-27 Blast & Reverberatory Furnaces	4,743	1,186	1,579	662	1,521	3,246	2,188	0	0
V-28 Foundry Equipment	1,544	386	201	100	320	1,177	1,027	15	0
V-29 Spec. Ind. Furnaces, Kilns & Ovens	2,027	507	610	212	248	704	253	0	0
V-30A Petroleum Refinery Plants	29,000	7,250	545	26	237	49,287	43,715	263	0
V-30B Petroleum Refinery Machinery	25	7	32	0	0	229	110	0	0
V-31 Spec. Machinery for Glass Industry	1,357	340	466	0	0	715	198	0	0
V-32 Spec. Machinery for Chem. Mfg. Ind.	1,011	253	113	139	196	868	838	0	0
V-33 Gas Generating & Prod. Apparatus	6,548	1,637	1,811	1,551	5,333	10,616	9,029	0	0
V-34A Misc. Spec. Industry Machines	997	250	203	1,156	1,930	5,288	5,054	5	0
V-34B Cartridge Manufacturing Lines	0	0	187	93	2,695	29,606	29,606	110	0
V-35 Machine Tools	30,000	7,500	8,250*	5,666	27,914	283,250*	273,984	8,411	0
V-36 Rolling Mills and Auxiliary Equip.	12,172	3,043	1,342	2,324	4,051	14,033	9,519	0	1
V-37 Drawing Machines	950	238	893	925	929	2,010	1,131	0	0
V-38 Other Primary Metal Forming Machinery and Equipment	0	0	0	0	0	304	304	0	0
V-39 Secondary Metal Forming Machinery and Equipment	15,500	3,875	3,800*	1,960	17,143	59,800	55,829	988	27
V-40A Welding Machinery, Marine	Under Study								
V-40B Welding Machinery, Other	4,583	1,146	529	308	723	5,413	5,388	57	0
V-41 Testing and Measuring Machinery (Metal Working)	1,835	459	576	214	647	2,250	1,859	25	0
V-42 Misc. Metal Working Equipment	0	0	0	0	0	109	109	8	0
V-43A Portable Metal Working Machines (Underwater)	Under Study								
V-43B Portable Metal Working Machines, Other	477	120	352	89	352	2,695	2,695	4	0
V-44A Cemented Carbide Cutting Tools	1,350	338	955	231	1,037	4,421	3,894	11	0
V-44B Metal Cutting Tools, Other	10,962	2,741	2,986	940	3,104	29,460	27,846	55	0
V-45 Cutting and Forming Tools for Metal Forming Machines	13	4	0	13	13	13	13	0	0
V-46 Attach. & Access. for Machine Tools	2,348	587	432	88	643	2,743	2,489	47	0
V-47 Tool Room Spec. - Attach. and Access.	4	1	0	0	-	23	-	0	0
V-48 Agri. Mach. & Implements except Tractors	190	48	56	36	178	623	587	0	0
V-49 Mining & Quarrying Machinery	See V-4		255	90	192	987	688	0	0
V-50 Earth & Rock Boring & Drilling Machinery and Accessories	2,013	504	1,539	813	2,334	7,909	7,488	145	0
V-51 Well & Blast Hole Drilling Mach.	2,180	545	467	82	858	6,510	6,129	0	0
V-52 Excavating & Dredging Machinery	14,690	3,388	4,135	1,805	5,334	23,696	22,645	362	1,005
V-53 Misc. Construction Equipment	0	0	4	0	22	1,015	795	0	0
V-54 Office Machines	0	0	0	0	0	54	54	0	0
V-55 Miscellaneous Machinery	255	64	96	110	142	1,230	884	2	0
V-58B Teletype Apparatus	2,196	160	574	58	723	1,813	1,679	6	0
V-58C1 Field Telephones	5,000	750	253	189	189	15,792	15,263	1,754	26
V-58C1 Field Telephones (units)	(100,000)	(15,000)	(5,037)	(5,000)	(5,000)	(342,879)	(330,537)	(39,248)	0
V-58C2 Other Telephones & Telegraph Equip.	10,321	2,393	955	920	1,393	10,545	9,534	48	0
V-58D Sound Equipment	43	11	13	0	13	499	499	-	0
V-58E Automatic Block & Signal System	2,809	703	1,860	1,042	5,404	7,890	7,484	0	0
V-59A Industrial Type Locomotives, Cars & Parts	3,293	993	224	6	224	1,298	1,298	26	0
V-59B Nine Type Locomotives, Rail Cars & Parts	885	222	21	22	63	139	137	0	0
V-60 Passenger Vehicles and Parts	190	80	97	29	97	270	270	3	0
V-61 Airconditioning & Refrigeration Equip.	1,005	308	128	3	10	170	52	0	0
V-62A Lighting Fixtures, Marine	Under Study								
V-62B Lighting Fixtures, Other	94	24	127	1	16	383	269	33	0
V-63 Photographic Equipment	36	9	32	18	46	1,838	1,591	75	0
V-64A Optical, Indicating, Recording, and Control Instruments	2,035	509	467	398	938	4,235	3,922	52	0
V-64B Navigation Instruments	Under Study								
V-65 Professional & Scientific Instru.	928	232	78	29	103	1,069	979	38	0
V-66 Miscellaneous Equipment	0	0	9	0	14	440	393	34	0
V-67 Hand Tools - Non-Powered	867	217	252	57	151	2,531	2,214	17	0
V-68 Mechanic's Measuring Tools	3,032	758	625	230	689	2,599	2,595	1	0
V-69A1 Power Boilers, Marine	Under Study								
V-69A2 Other Boilers, Marine	Under Study								
V-69B Power Boiler, Industrial	7,000	1,750	2,058	135	4,440	11,348	9,685	0	0
V-70 Tractors Agric., except Trunk-Laying	0	0	12	3	12	12	12	0	0
Total Machinery and Equipment	361,334	88,650	104,147	45,945	161,475	887,801	817,370	16,691	1,085

Notes: *Estimated
 a Made available from production or assignments after deduction of quantities repossessed or diverted before export. Includes purchases for cash.
 b Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.
 c Total guaranteed for delivery on or before June 30, 1945. \$241,943,000 additional to be placed in production before June 30, 1945 without guarantee of delivery in specified period and also \$462,807,000 will be placed in procurement subject to execution of supplemental agreement.

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Sept. 30, 1944			
	Total Offering	Offering to 9/30/44	Made Available to 9/30/44 ^a	During Sept. 1944	7/1/44 to 9/30/44	Made Available ^a	Exported ^b	Lost Enroute	Diverted Enroute
VI MATERIALS AND PRODUCTS									
Steel (Tons)									
VI-1-10 Bimetal	24,000	6,000	5,366	1,884	4,787	36,327	34,355	1,060	0
VI-1-14 Armor Plate	0	0	0	0	0	8,951	8,951	2,897	267
VI-1-16 Polished Drill Rods	4800	120	69	23	53	560	510	2	0
VI-1-17 High Speed Tool Steel	6,7000	1,675	762	152	699	10,510	9,860	554	22
VI-1-18 Tool Steel	18,2800	4,570	3,572	1,704	3,969	32,746	31,284	1,290	48
VI-1-19 Cold Finished Bars	53,0000	13,250	5,544	2,603	12,413	137,144	131,871	7,407	671
VI-1-20 H.R. Aircraft Steel	70,0000	17,500	14,070	4,569	15,813	185,701	180,980	2,983	0
VI-1-21 Cr. Si. Mn. Billets	15,0000	3,750	229	2,435	12,210	96,426	95,995	9,705	509
VI-1-22 Cold Rolled Strip	17,0000	4,250	4,385	627	1,882	91,018	84,936	29,652	1,709
VI-1-22A Cold Rolled Strip	9,000	2,250	1,673	1,592	3,199	77,587	76,138	11,796	798
VI-1-23 Stainless Steel	4,0000	1,000	1,163	1,035	2,461	10,567	9,871	98	0
VI-1-24 Tinplate	50,000	12,500	3,797	4,819	13,139	129,387	124,032	11,274	2,871
VI-1-25 Steel Wire	34,6000	8,650	7,982	3,494	9,757	97,569	96,808	6,109	673
VI-1-26 Wire Rope	10,000	2,500	831	1,429	3,092	30,739	29,574	818	0
VI-1-27 Steel Alloy Tubes	20,0100	5,003	5,689	6,066	9,905	57,164	44,658	336	53
VI-1-28 Stainless Steel Wire	2,0000	500	308	146	426	3,175	3,070	94	13
VI-1-31 Barbed Wire & Staples	0	0	892	494	1,179	53,390	49,511	10,798	203
VI-1-32 Pipe and Tubing	75,352	18,838	6,402	10,024	23,566	172,368	139,274	16,301	1,654
VI-1-33 H.R. Sheets and Plates	125,000	31,250	39,108	20,944	59,246	278,703	259,384	19,372	2,357
VI-1-34 Wire Nails and Tacks	6,000	1,500	1,693	798	3,067	11,404	10,164	43	0
VI-1-101 R.R. Nails & Accessories	300,000	75,000	65,173	33,204	65,846	436,084	421,783	24,354	1,421
VI-1-102 Mounted Gets Wheels & Axles	0	0	0	0	202	24,707	24,350	90	0
VI-1-103 Car Axles	0	0	0	0	0	36,506	35,554	1,367	0
VI-1-104 Locomotive Car Wheel Tires	20,000	5,000	2,106	1,124	3,185	25,015	24,952	53	0
VI-1-105 Rolled Steel Car Wheels	0	0	2,851	199	5,152	22,114	22,020	98	0
VI-1-107 Locomotive Axles	0	0	0	0	0	253	252	0	0
VI-1-108 Electric Locomotive Axles	0	0	0	0	0	300	222	0	0
Total Steel	860,422	215,106	173,665	99,471	255,142	2,066,415	1,950,359	158,511	13,269

Note: The following quantities released from U.S.S.R. export stocks for redistribution have been deducted from amounts made available.

	July 1944 to September 1944	October 1941 to September 1944		July 1944 to September 1944	October 1941 to September 1944
Cold Finished Bars	(-) 166	790	Wire Rope	85	515
H.R. Aircraft Steel	0	482	Barbed Wire & Strip	(-) 892	16,235
Cr. Si. Mn. Billets	0	18,102	Pipe & Tubing	777	60,985
Cold Rolled Sheets	0	3,343	H.R. Sheets & Plates	0	17,396
Cold Rolled Strip	(-) 1,092	27,317			
Steel Wire	(-) 2,915	29,445	Total Released (tons)	(-) 4,203	174,609

VI-2A Ferro-Silicon	0	0	0	168	168	8,246	8,246	1,050	28
VI-2B Ferro-Chromium	0	0	0	57	57	4,197	4,197	494	0
VI-2C Ferro-Phosphorus	0	0	0	0	0	4	4	0	0
VI-2D Ferro-Vanadium	200	50	213	78	212	438	438	0	0
VI-2E Ferro-Tungsten	560	140	526	74	422	1,098	995	0	0
VI-2F Ferro-Molybdenum	1,200	300	636	300	684	1,778	1,756	0	0
VI-2G Manganese Metal	0	0	0	0	0	11	11	0	0
VI-2H Other Ferro Alloys	3	0	100	100	100	100	100	0	0
Total Ferro Alloys	1,960	490	1,475	777	1,643	15,872	15,747	1,544	28
VI-3A1 Copper, Electrolytic	0	0	2,920	58	2,528	18,426	17,919	0	0
VI-3A2 Copper Tubes, etc.	5,000	1,250	1,484	1,774	3,180	32,956	30,862	1,193	62
VI-3A3 Copper Base Alloys	80,000	20,000	24,955	18,068	35,919	300,770	291,974	17,014	125
VI-3A4 Bare Copper Cable and Wire	19,000	4,750	1,901	903	1,974	8,539	7,418	0	0
VI-3B1 Aluminum Ingots & Wire Bars	37,200	21,800	39,423	21,409	46,656	149,846	149,133	5,294	14
VI-3B2 Fabricated Aluminum			7,422	5,383	17,002	70,287	70,287	2,393	0
VI-3B3 Aluminum Foil	0	0	0	0	0	158	158	0	0
VI-3C Magnesium	4,000	1,000	1,003	503	1,211	7,055	6,996	0	0
VI-3D1 Pig Nickel	5,480	1,370	1,703	793	2,238	10,825	10,352	828	0
VI-3D2 Monel Scrap	0	0	0	0	0	415	413	0	0
VI-3D3 Nichrome Wire & Strip	538	135	92	23	84	1,330	1,306	115	0
VI-3D4 Other Nichrome Basic Shapes	0	0	151	48	218	913	912	0	0
VI-3D5 Nickel Foil	0	0	0	0	0	5	5	0	0
VI-3D6 Other Pure Nickel Shapes	28	7	10	1	2	270	248	13	0
VI-3E1 Tin	1	0	0	0	0	11	11	0	0
VI-3E2 Tin Foil	0	0	0	0	0	53	53	4	0
VI-3E3 Babbitt	0	0	0	0	0	237	237	2	0
VI-3F Zinc	0	0	3,013	537	2,854	57,285	57,126	2,323	0
VI-3G Lead	20,000	5,000	3,801	3,804	3,804	3,849	3,849	0	0
VI-3H1 Cadmium	224	56	45	45	45	358	358	0	0
VI-3H2 Cerium	0	0	0	0	0	18	18	0	0
VI-3H3 Cobalt	90	23	0	45	0	333	300	0	0
VI-3H4 Mercury	90	0	0	0	0	895	895	0	0
VI-3H5 Sodium	0	0	0	0	0	1,494	1,494	258	0
VI-3H9 Misc. Non-Ferrous Metals	0	0	86	8	88	98	98	0	0
Total Non-Ferrous Metals	221,651	55,391	88,009	53,402	117,896	666,426	652,470	28,141	201

Notes: All tons are short tons (2000 lbs.) net weight.

a Made available from production or assignments after deduction of quantities repossessed or diverted before export.

Includes purchases for cash.

b Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.

c Offering will be reduced by quantities supplied by U.S.

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Sept. 30, 1944			
	Total Offering	Offering to 9/30/44	Made Available to 9/30/44 a	During Sept. 1944	7/1/44 to 9/30/44	Made Available a	Exported b	Lost Enroute	Diverted Enroute
VI MATERIALS AND PRODUCTS (cont.)									
Other Metals and Products									
VI-4A Molybdenum Concentrates (tons)	4,480	1,120	1,674	494	1,674	13,987	13,987	1,430	0
VI-4B Misc. Metallic Ores, Tailings and Concentrates (tons)	0	0	0	0	0	3	3	0	0
VI-5 Pig Iron (tons)	0	0	0	61	2,187	8,188	7,840	0	0
VI-6A1 Marine Cable (miles)	See VI-6A4	-	337	62	278	2,069	1,642	129	0
VI-6A2 Submarine Cable (miles)	See VI-6A4	-	93	62	93	932	926	50	0
VI-6A3 Field Telephone Wire (miles)	186,000	-	42,768	14,101	39,176	**	973,192	129,120	197
VI-6A4 Other Insulated Wire & Cable (\$1000)	12,000c	3,000	4,947	1,693	5,463	50,067	44,958	816	0
VI-6A5 Copper Magnet Wire (\$1000)	See VI-6G	-	0	0	0	148	123	0	0
VI-6B1 Wire Cloth & Screen (\$1000)	385	97	208	189	508	1,941	1,932	7	0
VI-6B2 Wire Netting & Fencing (tons)	450	113	145	79	145	423	423	0	0
VI-6C Fab. Structural Iron & Steel (tons)	1,237	310	926	79	1,304	3,917	3,040	0	0
VI-6D Chains & Attachments (tons)	4,280	1,070	1,000e	215	999	3,000	2,809	0	0
VI-6E Bolts, Nuts, Screws, Washers, Rivets, etc. (tons)	8,000	2,000	34	391	1,242	5,263	3,769	0	0
VI-6F Other Fabricated Metal Basic Prods. (\$1000)	27	7	27	9	28	169	167	0	0
VI-6G Special Fine Wires, Strip, etc. (tons)	386d	97	11	6	17	406	377	4	0
VI-6H Sucker Rods (tons)	4,000	1,000	256	161	256	1,328	1,328	0	0
VI-7A Anvils (tons)	1,002	501	176	48	165	600	514	0	0
VI-7B Other Metal End Products (\$1000)	136	34	59	9	141	1,416	912	6	0
Petroleum Products & Additives (tons) e									
VI-9A Aviation Gas over 99 Octane	100,000	25,000	125,250	47,044	125,250	277,479	277,479	0	20,789
VI-9B Aviation Gas over 87 through 99 Octane	See VI-9K	-	0	0	0	81,695	81,695	2,069	9,310
VI-9C Aviation Gas 87 Octane & under	See VI-9K	-	0	0	0	1,976	1,976	0	0
VI-9D Automotive Gas	See VI-9K	-	15,389	688	15,389	98,441	98,441	0	11,682
VI-9E Gasoline Blending Agents	300,000	75,000	76,212	30,345	76,212	495,845	495,845	17,236	12,373
VI-9F Kerosene	See VI-9K	-	1,803	395	1,803	9,749	9,749	0	0
VI-9G Fuel Oils	See VI-9K	-	17,212	2,343	17,212	93,261	93,261	0	0
VI-9H Lubricating Oils & Greases	25,000	6,250	21,625	9,842	21,625	56,256	56,256	1,678	0
VI-9I Petroleum Waxes	See VI-9K	-	335	233	335	5,969	5,969	204	199
VI-9J Chemical Additives	1,000	250	322	91	322	4,674	4,674	0	81
VI-9K Other	74,000f	18,500	0	0	0	80	80	-	0
Sub-total	500,000	125,000	258,148	90,981	258,148	1,125,425	1,125,425	21,187	54,434
From U.K. for U.S. Account (Replacement to U.K. from U.S.)									
Aviation Gas over 99 Octane	-	-	-	0	0	-	28,489	0	0
Total	500,000	125,000	258,148	90,981	258,148	1,125,425	1,153,914	21,187	54,434
From Abroad for U.S. Account (Replacement to British from U.S.)									
Aviation Gas over 99 Octane	300,000	75,000	106,167	36,401	106,167	272,678	272,678	-	-
Gasoline Blending Agents	-	-	-	-	-	-	-	-	-
Shipments from U.K. to U.S.S.R. as Replacements									
Aviation Gas over 99 Octane	-	-	-	-	-	-	(17,148)	-	-
Aviation Gas 87 through 99	-	-	-	-	-	-	(14,719)	-	-
Additional U.S. Allocation to U.S.S.R. at U.K. Expense as Replacement for Diversion to U.K.									
Aviation Gas over 99 Octane	-	-	-	-	-	(20,789)	-	-	-
Gasoline Blending Agent	-	-	-	-	-	(9,182)	-	-	-
Chemicals									
Basic Inorganic (tons)									
VI-10A1 Ammonium Chloride	0	0	(-1,944)	0	0	1,053	726	0	0
VI-10A2 Ammonium Nitrate	0	0	0	0	0	3,394	3,394	113	0
VI-10A3 Ammonium Sulphocyanide	0	0	0	0	0	3	3	0	0
VI-10A4 Barium Peroxide	0	0	0	0	0	131	131	0	0
VI-12A5 Boric Acid	0	0	0	140	140	1,243	1,243	168	0
VI-10A6 Calcium Carbide	124	31	125	71	89	736	570	0	0
VI-10A7 Calcium Chloride	45	12	45	31	39	857	855	0	0
VI-10A8 Caustic Soda	30,000	7,500	7,577	2,782	6,879	77,295	69,899	706	0

Notes: **Not available
a Made available from production or assignments after deduction of quantities repossessed or diverted before export.
Includes purchases for cash.
b Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.
c Offering is tons of copper content.
d Offering includes VI-6A5.
e Petroleum products made available as exported.
f Offering includes VI-9B, 9C, 9D, 9F, 9G, 9I and 9K.

	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to September 30, 1944			
	Total Offering	Offering to 9/30/44	Made Available to 9/30/44 ^a	During Sept. 1944	7/1/44 to 9/30/44	Made Available ^a	Exported ^b	Lost EnRoute	Diverted EnRoute
VI MATERIALS AND PRODUCTS (cont.)									
Chemicals									
Basic Inorganic (cont.) (tons)									
VI-10A9 Phosphorus	175	44	(-)161	0	0	2,689	2,555	485	0
VI-10A10 Potassium Carbonate	56	14	56	0	0	784	728	0	0
VI-10A11 Potassium Chlorate	0	0	0	0	0	1,344	901	0	0
VI-10A12 Potassium Dichromate	1,500 ^c	375	100	10	35	971	873	0	0
VI-10A13 Potassium Nitrate	0	0	(-)363	11	11	2,197	2,190	0	0
VI-10A14 Potassium Sulphate	0	0	0	0	0	580	580	0	45
VI-10A15 Potassium Tetroxide	350	88	82	0	50	532	470	11	0
VI-10A16 Soda Ash	0	0	0	9	280	2,191	2,143	0	0
VI-10A17 Sodium Cyanide	900	225	231	46	292	760	652	0	0
VI-10A18 Sodium Bromide	0	0	(-)303	0	0	1,833	1,812	334	43
VI-10A19 Thorium Nitrate	0	0	0	0	0	12	12	6	0
VI-10A20 Sodium Dichromate	See VI-10A12	0	37	45	110	1,173	1,173	54	0
VI-10A99 Misc. Inorganic Chemicals	607	152	593	402	610	1,794	1,794	17	0
Basic Organic (tons)									
VI-10B1 Acetone	6,000	1,500	789	833	2,475	8,273	8,251	671	0
VI-10B2 Aniline Oil	0	0	0	0	0	3,521	3,521	927	16
VI-10B3 Anthracene	0	0	0	0	0	9	9	0	0
VI-10B4 Butyl Acetate	4,000	1,000	1,096	251	744	2,925	2,572	97	0
VI-10B5 Butyl Alcohol	6,000	1,500	1,268	548	992	3,896	3,620	103	0
VI-10B6 Camphor	800	200	376	120	182	706	512	0	0
VI-10B7 Casein	1,700	425	760	622	1,047	3,004	2,995	0	0
VI-10B8 Citric Acid	0	0	4	0	4	1,100	1,100	56	0
VI-10B9 Cresols	0	0	0	68	68	441	360	61	0
VI-10B10 Dibutyl Phthalate	1,200	300	259	77	287	5,965	5,155	859	70
VI-10B11 Diethylene Glycol	0	0	0	0	0	552	526	0	0
VI-10B12 Dimethyl Aniline	0	0	0	0	0	2,510	2,301	420	0
VI-10B13 Diphenylamine	0	0	0	0	0	2,080	1,489	256	0
VI-10B14 Diphenylguanidine	64	16	0	61	79	440	416	0	0
VI-10B15 Ethyl Acetate	5,000	1,250	562	0	361	1,682	1,676	0	0
VI-10B16 Ethyl Alcohol from U.S.	180,000	45,000	49,971	10,404	49,971	211,494	211,494	159	0
Ethyl Alcohol from U.K. for U.S. Account. (Replacement to U.K. from U.S.)			0	0	0	0	20,187	20,187	0
VI-10B17 Ethylene Chlorohydrine	0	0	0	0	0	232	232	0	0
VI-10B18 Ethylene Dibromide	0	0	0	0	0	2,065	2,042	0	0
VI-10B19 Ethylene Glycol	4,000	1,000	3,877	1,798	2,798	12,621	11,463	189	0
VI-10B20 Formaldehyde	0	0	0	0	0	560	494	62	0
VI-10B21 Furfural	820	205	50	50	50	350	349	0	0
VI-10B22 Glycerine from U.S.	4,400	1,100	814	576	1,690	12,660	12,369	301	0
Glycerine, Land-Lease Retransferred from U.K.			0	0	0	0	5,478	5,478	0
VI-10B23 Hexamine (Urotropine)	3,000	750	400	200	547	14,352	12,792	357	195
VI-10B24 Methanol	12,000	3,000	695	684	2,079	21,270	20,664	3,242	371
VI-10B25 Naphthoic Acid	0	0	0	0	306	600	433	0	0
VI-10B26 Phenol	12,000	3,000	1,854	1,021	2,616	31,786	27,637	1,711	170
VI-10B27 Potassium Butyl Xanthogenate	1,350	338	150	150	363	1,679	1,620	56	0
VI-10B28 Resorcin	0	0	0	0	0	120	111	0	0
VI-10B29 Rhodamine	0	0	0	0	0	6	6	0	0
VI-10B30 Saccharin	372	93	97	47	112	475	475	18	0
VI-10B31 Strontium Oxalate	0	0	0	0	0	96	88	4	0
VI-10B32 Toluol	39,574	9,894	21,804	15,746	20,771	94,928	83,896	3,192	359
VI-10B33 Trichlorethylene	0	0	0	0	0	252	252	0	0
VI-10B34 Paraphenitidin and Paranitrochlorobenzol	158 ^d	40	16	0	10	440	434	0	0
VI-10B99 Misc. Organic Chemicals	878	220	483	222	773	2,762	2,555	25	0
Gases									
VI-10C Gases, Compressed & Liquified (\$1000)	9	3	0	0	28	35	35	0	0
Paints, Pigments, etc. (tons)									
VI-10D1 Paints, Varnishes, Lac uers, etc.	562	141	535	292	489	1,413	1,118	0	0
VI-10D2 Carbon and Lamp Black	2,240	560	1,345	347	1,267	3,809	3,724	0	0
VI-10D3 Other Pigments	406	102	309	420	673	2,817	1,998	52	0
VI-10D9 Dryers, etc.	0	0	0	0	0	10	10	0	0
VI-10E Fertilizers	0	0	0	0	0	0	0	0	0
VI-10F Insecticides	23	6	7	0	7	19	19	0	0
Plastics (tons)									
VI-10G1 Phenol Formaldehyde Resins	0	0	0	0	0	1,218	1,188	79	0
VI-10G2 Vulcanized Fibre	1,000	250	70	8	109	4,628	4,479	496	3
VI-10G3 Cellulose Film Base	477	170	486	0	38	956	431	0	0
VI-10G9 Other Plastics	13	4	13	-	-	95	72	0	0

Notes: All tons are short tons (2000 lbs.) net weight.

a Made available from production or assignments after deduction of quantities repossessed or diverted before export. Includes purchases for cash.

b Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.

c In addition 500 tons will be made available for production of saccharin and resistance wire.

d Offering is for 38 tons of paraphenitidin and 120 tons of paranitrochlorobenzol.

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to September 30, 1944			
	Total Offering	Offering to 9/30/44	Made Available to 9/30/44 ^a	During Sept. 1944	7/1/44 to 9/30/44	Made Available ^a	Exported ^b	Lost EnRoute	Diverted EnRoute
VI MATERIALS AND PRODUCTS (cont.)									
Misc. Chemicals including Industrial (tons)									
VI-10H1 Ammonia Rubber Paste	216	54	164	47	128	640	604	0	0
VI-10H2 Ethyl Centralite	350	88	90	0	0	1,892	1,593	0	0
VI-10H3 Boiler Compounds	51	13	32	102	222	1,476	1,182	0	0
VI-10H4 Misc. Flotation Reagents	400	100	11	8	8	491	446	22	0
VI-10H5 Twitchell Reagents	0	0	0	113	113	733	733	0	0
VI-10H6 Photo Gelatin	250	63	48	10	42	199	162	0	0
VI-10H99 Other Chemicals	435	109	223	27	311	789	756	44	0
Total Chemicals	323,705	80,935	94,733	38,399	100,295	52,309	560,818	15,374	1,272

Note: The following have been released from U.S.S.R. export stocks for redistribution and have been deducted from amounts made available.

	July 1, 1944 - Sept. 30, 1944 (short tons)	Oct. 1, 1941 - Sept. 30, 1944 (short tons)		July 1, 1944 - Sept. 30, 1944 (short tons)	Oct. 1, 1941 - Sept. 30, 1944 (short tons)
VI-10A1 Ammonium Chloride	1,944	3,772	VI-10B14 Diphenylguanidine	0	13
VI-10A2 Ammonium Nitrate	0	2,406	VI-10B18 Ethylene Dibromide	0	2,550
VI-10A4 Barium Peroxide	0	201	VI-10B19 Ethylene Glycol	96	103
VI-10A9 Phosphorus	212	1,239	VI-10B22 Glycerin	207	207
VI-10A13 Potassium Nitrate	364	1,415	VI-10B24 Methanol	639	1,261
VI-10A14 Potassium Sulphate	0	1,246	VI-10B26 Phenol	534	534
VI-10A18 Sodium Bromide	306	1,071	VI-10B32 Toluol	0	10,091
VI-10A99 Potassium Permanganate	0	11	VI-10B2 Ethyl Centralite	0	20
VI-10B2 Aniline Oil	16	2,207			
VI-10B12 Dimethylaniline	160	160	Total Chemicals Released	4,478	28,507

Textiles									
VI-11A Cotton Cloth (1000 yds.)	25,084	6,271	4,069 ^a	8,360	21,232	95,835 ^b	94,564	2,662	0
VI-11B Woolen Cloth (1000 yds.)	20,712	5,178	6,123 ^a	2,265	6,493	45,010 ^b	44,182	1,219	0
VI-11C Webbing (1000 yds.)	0	0	200	6,978	14,149	61,490	49,203	2,427	0
VI-11D Tarpaulin (1000 yds.)	3,000	750	462 ^a	**	**	11,918 ^b	**	**	**
VI-11E Other Cloth (1000 yds.)	0	0	**	**	**	**	**	**	**
VI-11F Cordage and Twine (tons)	8,000	2,000	1,643	530	751	8,335	7,741	90	0
VI-11G Other Basic Textiles (\$1000)	1,493	374	1,334	98	10,445	4,017	3,342	0	0
VI-12A Fish Nets (tons)	386	97	180	176	315	980	803	0	0
VI-12B Other Textile Products (\$1000)	56	14	197	94	753	6,206	4,640	206	0
Leather									
VI-13 Leather (tons)	11,963	2,991	817	1,091	2,526	46,267	44,104	4,756	469
VI-14 Leather Products (\$1000)	9	3	58	57	138	240	169	0	0
Rubber									
VI-15 Crude Rubber (tons)	168 ^c	42	176	0	0	176	0	0	0
VI-16A Vistanax (tons)	410	103	251	198	201	938	848	28	0
VI-16B Other Synthetic Rubber (tons)	112 ^c	28	112	0	112	616	616	0	0
VI-17A Shock Absorber Cord (yds.)	0	0	0	0	0	229,752	171,111	5,000	0
VI-17B Other Rubber Materials (\$1000)	506 ^c	127	177	69	379	4,045	3,912	68	0
VI-18A Tires (1000 units)	Not guaranteed	299	121	280	2,931	2,903	98	61	61
VI-18A Tubes (1000 units)	Not guaranteed	283	125	326	3,035	2,907	95	63	63
VI-18B Rubber Hose (\$1000)	1,532 ^c	383	704	259	746	6,817	6,249	155	0
VI-18C Other Rubber Products (\$1000) except Apparel	15,320 ^c	3,830	2,440	1,166	2,627	16,039	14,998	174	0
Footwear									
VI-19A Army Boots (1000 pr.)	5,000	1,250	1,366	342	888	10,685	9,724	570	6
VI-19B Ski-Boots (1000 pr.)	0	0	0	0	37	225	221	0	0
VI-19C Rubber Boots and Shoes (\$1000)	125 ^c	32	75	9	158	1,137	1,088	0	0
VI-19D Other Boots and Shoes (\$1000)	952	238	1,040	705	1,321	3,528	2,858	14	0

Notes: All tons are short tons (2000 lbs. each) net weight

**Not available

a Made available from production or assignments after deduction of quantities repossessed or diverted before export. Includes purchases for cash.

b Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.

c Additional quantities included in offering under 18C.

d Includes offerings of new orders under VI-15, 16B, 17B, 18B, 19C, and 20D.

e The following which have been released during the Third and Fourth Protocol periods from U.S.S.R. export stocks for redistribution to others have been deducted from amounts made available.

	July 1, 1944 to September 30, 1944	October 1, 1941 to September 30, 1944
VI-11A Cotton Cloth (1000 yds.)	6,362	23,781
VI-11B Woolen Cloth (1000 yds.)	953	2,228
VI-11D Tarpaulin (1000 yds.)	0	215

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Sept. 30, 1944			
	Total Offering	Offering to 9/30/44	Made Available to 9/30/44 a	During Sept. 1944	7/1/44 to 9/30/44	Made Available a	Exported b	Lost Enroute	Diverted Enroute
VI MATERIALS AND PRODUCTS (cont.)									
Apparel except Footwear									
VI-20A Leather Jacket (units)	20,000	5,000	0	**	**	175,000	**	**	**
VI-20B Leather Belts (1000 units)	42	11	102	60	248	2,738	2,677	193	0
VI-20C Misc. Leather Apparel (\$1000)	121	31	56	**	**	57	**	**	**
VI-20D Rubber Apparel (\$1000)	27 ^c	7	**	**	**	**	**	**	**
VI-20E Other Apparel (\$1000)	496	124	497	1,435	2,216	13,055	12,624	70	0
Abrasive and Products									
VI-21A Abrasive Grain (tons)	8,700	2,175	1,617	754	2,334	11,881	11,589	91	0
VI-21B Abrasive Products (\$1000)	6,000	1,500	1,033	424	987	11,599	11,278	958	33
Carbon and Graphite									
VI-22A Graphite Powder (tons)	1,913	479	1,171	51	505	4,155	2,891	201	0
VI-22B Graphite Carbon Electrodes (tons)	6,350	1,588	660*	351	2,050	16,820*	16,611	1,470	25
VI-22C Other Graphite Materials (\$1000)	550	138	146	88	272	1,557	1,557	100	0
Paper and Paper Products									
VI-23A Parchment Paper (tons)	1,680	420	324	96	372	2,982	2,902	0	0
VI-23B Map Paper (tons)	3,000	750	2,075	555	1,418	5,572	4,831	265	0
VI-23C Cigarette Paper (tons)	0	0	0	33	33	1,042	969	68	0
VI-23D Condenser Paper (tons)	150	38	45	16	29	309	283	0	0
VI-23E Other Pulp Paper, etc. (tons)	4,713	1,179	148	**	**	254	**	**	**
VI-24 Paper Products (\$1000)	12	3	12	**	**	53	**	**	**
Photographic Materials									
VI-25A1 Photographic Film & Paper (\$1000)	24	6	**	**	**	**	**	**	**
VI-25B2 Reproduction Paper Stock (\$1000)	824	206	**	**	**	**	**	**	**
VI-25B Finished Pictures, etc. (\$1000)	0	0	**	**	**	**	**	**	**
VI-25C Misc. Photographic Materials (\$1000)	0	0	**	**	**	**	**	**	**
Asbestos									
VI-26A Asbestos (tons)	0	0	0	0	0	0	0	0	0
VI-26B Asbestos Materials (\$1000)	100	25	47	9	15	254	215	4	0
Other									
VI-27 Buttons (\$1000)	357	90	124	95	222	1,136	323	49	0
VI-27 Other Crude Materials (\$1000)	0	0	1	0	0	5	0	0	0
VI-28 Other Basic Materials (\$1000)	21	6	31	**	**	111	**	**	**
VI-29 Other End Products (\$1000)	10	3	29	**	**	367	**	**	**

Notes: *Estimated
 **Not available
 All tons are short tons (2000 lbs.) net weight
 a Made available from production or assignments after deduction of quantities repossessed or diverted before export.
 Includes purchases for cash.
 b Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.
 c Additional quantities included in offering under VI-18C.

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD
WASHINGTON 25, D. C.



OFFICE OF THE
EXECUTIVE DIRECTOR

NOV 18 1944

My dear Mr. Secretary:

I am pleased to send you herewith a copy of the report of the War Refugee Board for the week of November 6 to 11, 1944.

Very truly yours,


J. W. Penle
Executive Director

The Honorable,

The Secretary of the Treasury.

Enclosure.

Report of the War Refugee Board
for the Week of November 6 to 11, 1944

FOOD PARCELS

We received from Representative McClelland a most encouraging report submitted by the International Red Cross on the distribution of the salvaged "Christina" goods to persons in German concentration camps. A total of 25,600 parcels were shipped during September and October, 13,300 individually addressed and 12,300 in collective shipments distributed by "men of confidence". McClelland observed that this first lot of foodstuffs made available to the International Red Cross for assistance to this category of persons has been invaluable. Individual receipt cards used in collective shipments to the camp at Dachau alone added to Intercross records the names and numbers of 8,000 political deportees. Since the German authorities have consistently refused to communicate lists of deportees to Intercross, the information thus obtained has a double importance. It is in a great many cases the first news families have had from deported relatives; in many instances the cards bore the names of deportees previously reported executed. Possession of this information also enables Intercross to send parcels in the future individually addressed to these prisoners, with greater assurance of proper receipt. Intercross delegates were able to visit all of the camps to which parcels were sent and to ascertain satisfactorily that the great majority of the packages reached the intended beneficiaries. Distribution of collective shipments was greatly facilitated in certain concentration camps where Intercross was instrumental in persuading the commanders to allow the designation of "men of confidence" for various national groups. Only a few camps were encountered where the prisoners were not even allowed to return the individual receipts.

Recent reports depicting unbelievably hard and primitive living conditions in certain concentration camps in Germany led Representative McClelland to undertake the organization of shipments of pharmaceuticals from Switzerland. He has also cabled an urgent recommendation that efforts be made to include in the 285,000 food parcels to be shipped this month a few thousand 2½-kilogram clothing parcels for men and women to fill an acute and bitter need for winter underwear and warm stockings and socks. He pointed out that transportation conditions inside Germany will allow the forwarding of such parcels for only a limited time.

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The extreme urgency for extending additional aid to un-assimilated persons in German-controlled concentration camps and the time required in this country to procure, package, and ship food have prompted the Board to undertake the expansion of its food parcel program with the shipment from this country of an additional 300,000 3-kilogram parcels during a three-month period beginning December 1, 1944, for consignment to the International Red Cross. A cable to our Embassy in London advised that the matter has been endorsed by the State Department, FEA, and the War Refugee Board and requested that it be presented to the Relief Sub-Committee to obtain Blockade authorization for the program at the earliest possible date.

SITUATION IN GERMANY AND GERMAN-OCCUPIED TERRITORIES

Statement by General Eisenhower

At the Board's recommendation, the following warning to the German people was issued by General Eisenhower on November 7:

"Germans! You have in your midst a great many men in concentration camps and forced labor battalions.

"Germans! Do not obey any orders, regardless of their source, urging you to molest, harm or persecute them, no matter what their religion or nationality may be.

"The Allies, whose armies have already established a firm foot-hold in Germany, expect, on their advance, to find these people alive and unharmed. Heavy punishment awaits those who, directly or indirectly, and to whatever extent, bear any responsibility for the mistreatment of these people.

"May this serve as a warning to whoever at present has the power to issue orders."

Deportees from Vittel--Latin American Document Holders

Minister Harrison cabled us a summary of an informal communication from the Swiss giving an account of an interview which a representative of the Swiss Legation in Berlin recently had with Mr. Sethe, an official of the German Foreign Office. The conversation reported by the Swiss representative demonstrates the already obvious conclusion that the SS is in absolute control of deportees and political prisoners and that the German Foreign Office is able to exert little if any influence over the policies and actions of the former. The Swiss representative sought the interview for the purpose

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of discussing questions pertaining to the deportation from Vittel of bearers of Latin American documentation and their fate. He advised the Foreign Office official that a report from the Swiss Consulate at Paris showed that the former's assumption that Vittel deportees are still in France is not correct and that all indications lead to the supposition that the majority of these people are at Bergen-Belsen. He accordingly requested that authority to visit that camp be given him. Sethe intimated that a difference of opinion exists between the German Foreign Office and the SS with regard to Jewish bearers of foreign documents of a certain category and that, while the Foreign Office does not object to Jewish holders of Latin American passports being placed in civilian internment camps, the SS follows its own wishes in this respect. He suggested, however, that the Swiss representative consult a Counselor Von Thadden, of Interior Division Two, which controls Bergen-Belsen since it is a Jewish camp in which by definition, from an administrative view, no foreign national is detained. In the conversation which followed, the Swiss representative directed the attention of Von Thadden to the unprecedented nature of the existing procedure under which Latin American documents in the possession of Jews are considered to be invalid from the outset and to the injustice of the procedure. The latter evaded the issue by answering that he had in a personal visit to Bergen-Belsen ascertained that the internees there are treated in a very decent manner. The request of the Swiss representative for authority to visit the camp again met with the reply that because no Swiss-protected nationals are there, such a request would never be granted. This vicious circle was broken only when the Swiss representative pointed out to Von Thadden that the artificial nature of the arguments upon which this position is based only substantiated the opinion circulated throughout the world that Jews in German hands are treated in an inhuman manner regardless of their nationality. Von Thadden was thus led to declare that the neutral observer who might go to Bergen-Belsen would be able to confirm for himself that such allegations do not correspond to the facts and to add that on this basis Himmler might perhaps make possible a visit to the camp by a protecting power representative. In the belief that it is of primary importance that it be made possible for the Swiss Legation to protect its proteges at Bergen-Belsen, the Swiss representative made no objection to having his request for an inspection presented in this manner and obtained a promise from Von Thadden that the latter would advise him whether Himmler's collaborator in charge of such matters also believes that the request to visit Bergen-Belsen might be thus presented to Himmler and whether the collaborator would be disposed to recommend approval of the request. Von Thadden indicated that if the collaborator gave an affirmative reply, the desired authorization probably would be obtained; otherwise, it would be hopeless to pursue

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the matter further. The Swiss representative informed Von Thadden that even if a negative reply is received, the Legation's request will be presented in a formal note for authorization to visit the camp.

In submitting this report, the Swiss Legation pointed out that the account of these conversations clearly shows the obstacles encountered in its activity on behalf of Jews protected by the Swiss. The report concluded with the observation that, whatever inclination there may be on the part of officials of the German Foreign Office to pursue a line of conduct dictated by the principles of justice, they are no longer able to carry their point of view effectively to the authorities who are charged with the internal policy of Germany, the opinions of the latter in racial and ideological matters tending to assume greater importance with the changing German military situation.

Assimilation of Foreign Jewish Deportees

According to a report from private sources received through our Legation in Bern, the International Red Cross is now awaiting a reply to an official note directed by it on October 2 to the German Ministry of Foreign Affairs requesting that all foreigners held in Germany and German-occupied areas be given identical guarantees to those provided for prisoners of war by the Tokyo project and the Geneva Convention. It was indicated that the Intercross designation of foreigners applies to all foreign Jews held in or deported to Germany or German-occupied territories, as well as all political prisoners and foreign workers. The Board is asking McClelland for a report on this matter.

SITUATION IN HUNGARY

Representative Mann advised us that he had discussed with an official of the British Foreign Office the reported agreement of the German and Hungarian Governments to permit the emigration from Hungary of 8,000 Jews. The latter was under the impression that this group includes the 2,000 Palestine certificate holders who are to be granted exit permits, as reported last week by Representative Katzki, and he has cabled the British Minister at Bern to determine the facts and to do everything possible to obtain the entry of these persons into Switzerland. He indicated that he shares the Board's view that, if the report is true, this represents an unexpected chance to rescue some of the doomed Jews of Budapest which must not be allowed to end in failure. Representative Mann gave his opinion that if confirmation of the report is received, a commitment from the British Government will be obtainable for action parallel to that which the Board expects to take.

- 5 -

SITUATION IN RUMANIA

Representative Katzki in Ankara cabled a recommendation that, in view of an apparently renewed movement of refugees from Hungary into Rumania, the possibilities for organizing additional refugee entry into that country be explored. His recommendation was based upon a report which he received from a private organization representative in Bucharest indicating that there are now approximately 5,000 Hungarian Jews in Rumania, located in several cities throughout the country, with others arriving daily. In the words of the individual making the report, "All are naked, all need winter clothing, shelter, food."

In the same report, 150,000 Rumanian Jews were said to be as needy as the foreign refugees. Included in this figure are 15,000 repatriates from Transnistria, 20,000 persons evacuated from villages and small towns in the provinces and now in the departmental capitals, and 30,000 persons from forced labor battalions returning in tattered clothes and in worn-out shoes or barefooted. It was estimated that in one town 30,000 Jews are without shelter and without any possibility of repairing their houses. According to the report, in several towns the houses of Jews have been destroyed or are without doors, windows, floors, or roofs, and no repatriates or evacuees have found any of their furniture even in areas where no bombardments took place. It was indicated that hundreds of persons periodically arrive in the cities from the provinces seeking clothing and relief which the limited resources of one private agency could not possibly supply. Typhus was reported raging in Moldavia, with medicines of all kinds lacking. The report pointed out that substantial and immediate aid is required to avoid a great many deaths this winter.

It is the concensus of other reports received by Representative Katzki that equal rights have been restored to Jewish people in Rumania only on paper. Jews are unable to secure reentry to the homes from which they were evicted, and the high rents which they must continue to pay force several families to share one apartment. They are for the most part unable to repossess their businesses, and even where they have succeeded in securing repossession there are no stocks or raw materials for operation. Jews cannot return to the positions which they formerly occupied because their reemployment would involve the displacement of non-Jewish Rumanian employees. They are thus reduced to dependence upon charitable assistance, and the support of international and private relief organizations is urgently needed.

- 6 -

Representative McClelland relayed to us a report received in Bern from Bucharest indicating that some 400 of the 5,000 to 6,000 Hungarian Jews sent to work in the copper mines at Bor, Yugoslavia, have reached Bucharest and that another 700 of the same group have reach Timisoara, Transylvania. Another group of 700 Hungarian Jews said to have been deported to the Ukraine for labor are reported to have succeeded in returning as far as Timisoara.

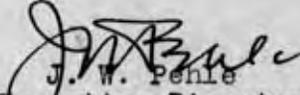
EVACUATION OF SEPHARDIC JEWS

Following our request for action in the interest of the 155 Sephardic Jews with Spanish passports held at Bergen-Belsen, Ambassador Hayes advised us that the Embassy had on its own initiative suggested to the Spanish Government on September 25 the desirability of the latter's endeavoring to arrange for the temporary entry of these Jews into Switzerland. A Spanish Foreign Office official advised Ambassador Hayes that instructions along the lines of his suggestion have already been sent to Berlin and are being sent to the Spanish Minister in Bern.

Representative McClelland advised us that the Joint Distribution Committee's representative in Bern had some weeks ago obtained from the Swiss Federal Police permission for these Jews to enter Switzerland. He pointed out that the problem still remains of how to get them out of Bergen-Belsen and stated that the Swiss would welcome a request by the Spanish Government for the release of this group to enable the Swiss to raise with the Germans the question of their departure.

EVACUATIONS THROUGH TURKEY

Representative Katzki notified us of the arrival in Istanbul on November 3 of a group of 80 persons who had traveled by rail from Bulgaria. The group included 24 men who had escaped to Sofia from the Bor mines in Yugoslavia, 50 children, and six adult escorts for the latter. In a later cable he reported that this group left Istanbul on November 6 by train for Palestine and that another group of 43 adult Polish refugees who had been in Rumania for some time arrived in Istanbul on November 5 en route to Palestine.


J. W. Penle
Executive Director

EE-611

PLAIN

London

Dated November 18, 1944

Rec'd 11:26 p.m.

Secretary of State,

Washington.

10155, Eighteenth.

MANCHESTER GUARDIAN, DAILY TELEGRAPH, NEWS CHRONICLE and DAILY MAIL have editorials on Prime Minister's statement in House of Commons yesterday on assassination of Lord Moyne.

GUARDIAN declares: "If anyone else but Mr. Churchill had made the statement on Jewish terrorism in Palestine, it might have been resented as being both harsh and threatening. Mr. Churchill, however, (as he said himself) is known as 'a consistent friend of the Jews and a constant architect of their future', and his words will be taken as they were meant—as blunt but sound advice. It is important, however, that this plain speaking should not be taken as a signal for a general campaign of abuse against Zionism. There are many who regard Palestine as a 'nuisance' and would be only too glad for an excuse to abandon the Jews and our promises together. Let us at least remember that there is something to be said on the other side. The much more serious Arab terrorism and even rebellion in the years before the war was sternly and properly suppressed, but so far from 'reconsidering its position' to the detriment of the Arabs the British Government but a stop to Jewish immigration and proposed the partition of Palestine. The simple truth is that terrorism, whether Arab or Jewish, Irish or Indian, is always the symptom of some serious trouble. That the terrorists may be and often are politically in the wrong (they are always morally in the wrong) does not alter the duty of the responsible government to find a remedy".

DAILY TELEGRAPH recalls manner in which responsible Jewish leaders have condemned assassination of Lord Moyne, but says they will nevertheless do well to heed Mr. Churchill's warning that their responsibility does not end with words alone. Editorial states:

"throughout, the

"throughout, the Jewish police have cooperated wholeheartedly with the British, and indeed not a few of them have fallen victims of the assassins pistol. If only a similar seal had been displayed by the ordinary citizen it is difficult to believe that the campaign of outrage would not already have been stamped out, and anything less than full cooperation is tantamount to passive sympathy with the terrorists. Unless and until this conspiracy is destroyed root and branch the cause of Zionism must inevitably suffer, for any concession would be regarded as a justification of gangster methods. Mr. Churchill's warning of this danger should apply a healthy stimulus to action". Similar views are expressed by NEWS CHRONICLE. Speaking of injury to Zionist movement which may result if Jewish terrorist in Palestine is not exterminated, DAILY MAIL declares: It is a tribute to the high regard in which nation holds Dr. Weismann and other leaders of that movement, as well as the executive of the Jewish agency in Palestine, that no anti-semitic feeling was shown in this country after the assassination of Lord Moyne. Such feeling would have been deplored by all thinking people, just as the occurrences themselves, who believe in the future of Zionism". Editorial refers to fact that Dr. Weismann is now in Palestine, and taking energetic measure in this connection.

WINANT

JEB

JMI-664
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arrangement. (SECRET W)

Caserta
Dated November 18, 1944
Rec'd 2:57 a.m., 19th.

Secretary of State

Washington

1388, November 18, midnight.

FOR WAR REFUGEE BOARD. Your 361, No. 14, 9 p.m.

The group under reference are in part as a controlled territory and are not (repeat not) on possible line of retreat of Germans.

Balkan air force has made and is making special efforts to keep them supplied with food and clothing. Evacuation is extremely difficult due to reduced number of flights caused by winter weather and priority given to sick and wounded. Some progress is being made however to evacuate small numbers. Our military authorities assure me they are in no danger from Germans.

I have informed Bariand will pursue this matter vigorously in order to alleviate situation of these unfortunate people as much as possible.

KIRK

W33

JMS-710
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arrangement. (SECRET W)

Rome

Dated November 18, 1944

Rec'd 1:09 p.m., 19th.

Secretary of State

Washington

758, November 18, 7 p.m.

FOLLOWING FOR MOSES LEAVITT AMERICAN JOINT
DISTRIBUTION COMMITTEE NEW YORK FROM ARTHUR GREENLEIGH.

Item One. Have pursued UNRRA negotiations and obtained agreement they assume as much our load as possible when they begin operations about January one. According to UNRRA interpretation which we protest, UNRRA cannot assume responsibility for refugees who entered Italy prior war beginning. They have requested interpretation Washington. Would urge you follow up that end because of precedent.

Item Two. Believe imperative Resnik here before conclusion UNRRA negotiations. Cannot understand delay this matter. Can anything further be done this end facilitate immediate entry Resnik and Jacobs.

Item Three. Can you arrange temporary loan to us Morris Dubin now in Italy until needed by his mission.

Item Four. Am still awaiting French visa which expected momentarily. Am prepared to leave for Paris day visa received.

KIRK

JMS

AVH-653

PLAIN

Lisbon

Dated November 18, 1944

Rec'd 5:06 a.m. 19th

Secretary of State,
Washington.

4000, Eighteenth, 1 p.m.

FOR LEAVITT FROM PILPEL JDC 120.

WB 256. Further our 110, Saly has been in touch with Teblenoff of OSE and explained inadvisability OSE'S soliciting funds. Believe matter resolved. Further our 118, Essler advises arrangements reportedly made Bucharest for Rumanian boat PHOENIX carrying 100 and Greek ANATASIA carrying 500 all Rabbis, at osters, sailing arrival dates unknown. Jewish Agency understands we not paying transportation bills contracted without our prior approval.

MOSKES

MJP

DMM-429
Distribution of true
reading only by special
arrangement. (SECRET W)

Stockholm

Dated November 18, 1944

Rec'd 2:11 p.m.

Secretary of State

Washington

4720, November 18, 3 p.m.

THIS IS OUR NO. 105 FOR WAR REFUGEE BOARD.

Budapest Swedish Legation has just cabled the Foreign Office that approximately 4,500 Jews with special Swedish passports have been moved to a ghetto established especially for them. The Legation is endeavoring to arrange the initial transportation to Sweden of about 150 Jews within the next few days. The Legation has also succeeded by intervention in obtaining the gradual release of about 15,000 Jews from labor service and deportation. Thousands of Jews under conditions of extreme suffering are reported to be on the way to the western border of Hungary by foot.

JOHNSON

LMS

CABLE TO MINISTER HARRISON, BERN, FOR MC CLELLAND, FROM WAR REFUGEE BOARD.

Please deliver the following message to Adolph Freudenberg, 41 Avenue de Champel, Geneva, from Leland Rex Robinson of the American Christian Committee for Refugees:

QUOTE \$5,000 SENT OF WHICH ONLY \$500 FOR SWITZERLAND.
\$4500 GIVEN BY NATIONAL WAR FUND RESTRICTED TO FRANCE FOR
CIMADE ETC. UNQUOTE

THIS IS WRB BERN CABLE NO. 284.

9:00 a.m.
November 18, 1944

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

RDrury 11/8/44

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

Please refer to your No. 7565 of November 16.

The matter referred to in your cable has been carefully considered. We are opposed to the transaction outlined in your cable and are of the opinion that no (repeat no) funds from any source should be used to carry out such transaction.

We recognize the force of your argument concerning the breaking off of negotiations. We are sure, however, that you will take into account the fact that recent military developments make each day that can be gained of even greater importance than before.

THIS IS WRB BERN CABLE NO. 285.

2:30 p.m.
November 18, 1944

RESTRICTED TO
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 arrangement. (SECRET W)

AMEMBATION

November 18, 1944

BERN

9 p.m.

3925

The following for McClelland refers to Legation's
 7313 of November 3 and is WEB 281.

It would appear from text of message in reference
 that, notwithstanding negative response contained in
 Legation's 3147 of May 17, Interross has proceeded along
 lines of our 1498 of April 29. Your comments on text of
 Riegner's message and a determination by you that German
 Government has been approached by Interross with a view
 to obtaining assimilation for foreign Jews held in Germany
 or German occupied areas would be appreciated by the
 Board.

STETTINIUS
 (Acting)
 (OW)

WRB:MSV:ED
 11/18/44

WE

FBM
Distribution of true
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arrangement. (SECRET-W)

November 18, 1944

10 p.m.

AMLEGATION

BERN

3926

The following for McClelland refers to project of Belgian War Relief authorized by license No. W-2231 and is WHB 283.

Interested labor groups here have just informed Beard that two Belgian Labor Movement leaders, Messrs. Major and Lapaille, in anticipation of aid under this program, borrowed funds in Belgium to aid families of men deported to Germany and persons hiding or escaping from the Germans. Please turn over \$90,000 of the amount you held in Switzerland for Belgian War Relief Project to the Belgian Legation in Switzerland for transfer to Mr. Major in repayment of part of the amount Lapaille and he borrowed in Belgium. You are authorized to pay, against appropriate receipt, the Swiss franc equivalent of \$90,000 to Belgian Minister in Bern. When payment has been made please so inform Beard.

STETTINIUS
(Acting)
(GLW)

WRB:MMV:KG
11/18/44

WE

SWP

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: November 18, 1944
NUMBER: 3927

SECRET

FROM WAR REFUGEE BOARD FOR ATTENTION OF HARRISON

Reference your 7365 and 7366, November 6. Department and Board are encouraged by your reports of distribution of S. S. Christina goods by Intercross. Olsen from Stockholm was advised the Board that the 15,002 three-kilo parcels at Gothenburg have been restored and will go forward to camps in Germany in the near future if they have not already gone. Major portion of remaining 285,000 three-kilo parcels will go forward from here latter half November. As packing has already been completed, it is impossible to include clothing items in this shipment. World Jewish Congress has received approval from Department, WRB, FEA, and MEW to ship through Amcross facilities some 10,000 pounds of clothing for distribution to unassimilated persons in camps in enemy Europe.

Department, WRB and FEA have jointly requested MEW to approve shipment from the United States of an additional 300,000 three-kilo food parcels to be prepared for shipment after December. In order to expedite approval of this program, it is important that Intercross furnish you for transmittal to us all possible evidence of packages have been received by unassimilated persons and in addition, all other available evidence of proper distribution.

Reference Christina distribution, it would be appreciated if you would secure from Intercross the names and locations of the camps affected by the distribution, also assurance that Jewish internees were among the beneficiaries and the numbers thereof. In this connection, suggestion is made that Intercross attempt to embrace within distribution scheme all or some of the following camps: — Poland: Czesochowa, Jedrzejow, Katowice, Kielce, Klimontov, Krakow, Mielec, Myslowice, Opole, Oswiecim, Piotrkow, Radom, Sanok, Skarzyske, Trzebinia, Wieliczka — Bohemia: Sereb,

THIS IS WRB BERN CABLE NO. 2 80.

STETTINBS
(Acting)

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

EE-744
Distribution of true
reading only by special
arrangement. (SECRET W)

SECRET
Dated November 18, 1944
Rec'd. 1:57 p.m.

Secretary of State

Washington

7613, November 18, 10 a.m.

Pursuant to fourth paragraph Department's 3180, September 14 (WRB 164) Legation forwarded to Swiss Foreign Office with communication dated October 24 two partial lists of persons claiming Latin American citizenship supplied by private organizations. Swiss were requested to take action desired by you except that Legation asked that persons claiming Argentine nationality be excluded and that Swiss Legation Berlin should inform Spanish Embassy there of presence on lists of persons claiming Paraguayan citizenship.

Swiss notice Nov. 10 states that Foreign Office following careful examination has decided to forward lists in question to Swiss Legation Berlin for its information but observes that these lists prepared by private organizations cannot serve as basis for establishing right of any person to claim nationality of a Latin American republic until these lists be officially confirmed by interested countries.

As regards Paraguayan citizens appearing on these lists Swiss Foreign Office prefers that their names be communicated directly to Spanish Government for transmission Spanish Embassy Berlin. END SUMMARY.

In view limited use to which Swiss are willing put lists of this character, Legation is forwarding to Department the two lists mentioned above pursuant to Department's statement that it will suggest to the various governments of Latin American urgency of confirming to Swiss authorities authenticity of such lists (paragraph four, Department's 3180) September 14. It is also forwarding to you in this connection two supplemental lists now received from private organizations without prior reference to Swiss.

When Department

-2- #7613, November 18, 10 a.m., from Barn

When Department and WRS receive and review lists which are being forwarded, please instruct whether they are considered sufficiently definite and useful to justify continued compilation of similar lists by private organizations.

HARRISON

WTD

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: November 18, 1944
NUMBER: 7616

CONFIDENTIAL

No. 569 dated November 16 from Magistrati for Foreign Affairs repeated to the Department for War Refugee Board.

We have sent the following to Rome: From indications in Germany it may be inferred that some leading Nazi circles, including SS executives, are beginning to change their minds with respect to arrests and deportations on political and racial grounds. Such repentance arising too late may result from the fact that Germans are facing reversal of conditions arising from territorial occupation by Allies. They feel therefore that they may have to appeal to international organizations or neutral countries for protection for their own civil populace. According to information received in local Jewish circles, with more particular reference to Italy, Germans are said to have started dissolution of some concentration camps in Northern Italy especially Fossoli camp. In this situation, my request to the Swiss Political Department to hasten Swiss assumption of our interests in Berlin and to secure provisional entry into Switzerland from Germany of women youthful and aged among our racial and political deportees has been renewed by me.

HARRISON

DCR:VAG 11/20/44

NCB-643

PLAIN

Bern

Dated November 18, 1944.

Rec'd 6:27 a.m., 19th.

Secretary of State,

Washington.

7616, Eighteenth.

FOR WRB FROM MCCLELLAND.

FOR NAHUM GOLDMANN WORLD JEWISH CONGRESS FROM

RICHARD LICHTHEIM AND GERHART REIGNER.

"In view forthcoming conference, are transmitting following facts and figures for your guidance. Since 1941 approximately 5500 thousand Jews have died in continental Europe. Numbers those deported and killed in extermination camps starved or killed on spot in thousands are: from France 150, Belgium 27, Holland 140, Denmark 2, Italy 10, Germany 160, Austria 80, Protectorate 70, Slovakia 80, Yugoslavia 65, Hungary 450, Rumania including Bukovina and Bessarabia 200, Greece mainly from Salonica 55, Baltic states 220, and Poland 2800. To this total of 4,590,000 is to be added number of Jews killed in Russia during German occupation of Ukraine and White Russia amounting to at least 1,000,000 probably more.

Total number of Jews at present alive in continental Europe outside Russia and Turkey is about 1,166,000. Details as follows: Apart from those in concentration and labor camps in Poland, Germany and Austria, there are in thousands: in France about 120, Belgium 20, Holland 15, Italy 25, Sweden 15, including 5,000 refugees from Denmark and Norway, Switzerland 43, including 26 refugees, Spain and Portugal 3, Germany and Austria 10, Czechoslovakia 2, Hungary 250, Rumania 300, Bulgaria 45, Greece 12, Poland unspecified number in hiding probably not more than 50, grand total being 910,000.

In

cc: Miss Chauncey (for the Sec'y), Abrahamson, Aehermann, Aksin, Cohn, Drury, DuBois, Friedman, Gaston, Hodel, Lesser, Marks, Manna, McCormack, Pehle, Piles.

-2- #7616, Eighteenth, from Bern

In addition there are in special camps and labor service in thousands: Theresienstadt 36, Bergen Belsen and similar camps 20, various labor camps in Poland, Silesia, Germany and Austria approximately 200, totaling 250,000. Grand total there 1,166,000. Exact statistical data not obtainable but these figures represent best available information based on numerous reliable reports.

Future relief activities and our general policy should take into account these figures. Regarding relief immediate action is required in liberated countries to assist Jewish survivors robbed of all possessions and especially to rescue children. These problems can only be solved by government assistance. There are for instance in Rumania 170,000 Jews completely destitute. Similar situation exists in France. Jewish property should be immediately restored and administration of property belonging to deported Jews should be entrusted to Jewish bodies.

Thousands of children whose parents died or were deported have been hidden by gentiles in France, Belgium and Holland. About 1000 orphans are in Switzerland. Care children is one of most urgent duties of World Jewry. Considerable numbers of them should be sent to Palestine.

About 30,000 refugees are in Switzerland, Italy and Spain. Stateless Jews of German and Austrian origin also most Polish Jews unwilling return to countries of origin. Majority wishes return to France, Belgium and Holland or to emigrate overseas. Return to western countries of former residence so far largely unsettled. Many thousands wish to emigrate to Palestine. Number Jewish candidates from Western Europe for emigration to America is not large, amounting only to some thousands certainly not tens of thousands. Forecasts regarding future emigration from central and eastern Europe especially from Hungary, Rumania and Bulgaria are not yet possible. Such emigration will depend on political and economic developments in these countries. Judging from present experiences considerable numbers will certainly go to Palestine if possible. Please confirm receipt this message". 80.25.

HARRISON

MJF

DMH-421
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arrangement. (SECRET W)

Bern

Dated November 18, 1944

Rec'd 1:55 p.m.

Secretary of State

Washington

7620, November 18, 3 p.m.

Copies of Haitian Legation notes August 2 and 16 transmitting to Swiss Foreign Office declarations quoted paragraph three Department's 3180, September 14 and paragraph four, Department's 3496, October 13, have been received from Haitian Legation Bern. Legation's 6770, October 11.

Haitian Legation inviting attention Swiss Foreign Office its notes August 2 and 16 and confirming Zelman and Sephora Solowiejczyk entitled protection as Haitian nationals.

During conversation Haitian Charge d'Affaires showed Legation Secretary Swiss Foreign Office note November 8 enclosing Haitian passport issued 1943 by Haitian Consul Asuncion, Paraguay, who was removed from office three years ago which Mrs. Solowiejczyk had presented Swiss Consulate Antwerp in October. Haitian Charge added from all information available Mrs. Solowiejczyk never mistreated and residing comfortably Antwerp.

HARRISON

WTD

AVH-594

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

Ankara

Dated November 18, 1944

Rec'd 11:05 p.m.

Secretary of State,

Washington.

2212, November 18, noon.

FROM KATZKI TO PENLE WAR REFUGEE BOARD. ANKARA'S 187.

Pursuant to Ambassador Steinhardt's agreement with the Turkish Foreign Office two groups of emigrants aggregating 104 persons departed from Istanbul by railroad on November 16 and 17 respectively proceeding to Palestine. These emigrants who arrived in Istanbul by railroad comprised a group of 38 Polish refugees from Rumania which arrived November 11, a group of 46 persons from Bulgaria including 36 children which arrived on November 13, the balance was made up of individual emigrants from Bulgaria who arrived during the week of November 12.

STEINHARDT

RR

EE-610

PLAIN

Moscow

Dated November 18, 1944

Rec'd 11:30 p.m.

Secretary of State,

Washington.

4410, Eighteenth.

Political press for November 15 contains following items of interest:

One. Question of security and Polish western frontiers.

Justification for the new "security frontiers" advanced by the Polish Committee of National Liberation which would reduce the length of the Polish German frontier, the "only insecure frontier" from 2033 kilometers to 400 kilometers. The frontiers with Czechoslovakia and the USSR "will be entirely safe thanks to Poland's alliance with those countries". It is therefore obvious how groundless Huxman's arguments are that Poland would break down under the weight of military expenditures to defend its frontiers. Furthermore unless East Prussia, Danzig, West Pomerania and Silesia are incorporated into Poland they will always serve as a hotbed for German imperialist designs to annex Poland.

Two. League of Poles of Western Regions formed.

The first meeting of the newly formed league was held in Lublin early in November. Its aim is to fight for the recovery of the historically Polish lands in the Misa, Warthe, Oder and Silesian districts which the Germans have held for centuries.

Three. New Polish Army regulations.

New regulations have recently been published in liberated Poland replacing the 1932 regulations which were anti-democratic and Fascist.

Paragraph 103 of the new regulations reads "anyone who publicly attacks the state system of new

Poland,

-3- #4410, Eighteenth, from Moscow

Poland, who insults or ridicules it, who praises Fascism and Hitlerism, forms or calls for the formation of Fascist organizations shall be punished with imprisonment or death". The article maintains that this paragraph shows that the young Polish democracy, while unreservedly recognizing the principles of freedom of conscience and opinion, takes a determined stand against reactionary Fascist enemies of society.

Paragraph 102 states that "anyone who publicly incites to national, racial or religious hatred, who with such aims in view, publishes disseminates or conceals literature, photographs and the like shall be punished with imprisonment". The article states that this paragraph distinguishes the new regulations from the anti-semitic methods of the Polish reactionaries who cultivated national and racial oppression.

Four economic life in the liberated regions.

The main problem at present is to keep industry supplied with fuel. A partial solution is provided by the trade agreement with the Soviet Union on the strength of which Russia will supply coal for Polish industry. Furthermore a number of factories in the Drohobich-Borislaw district will be provided for the present with natural gas by the Soviet Union.

The Bialystok textile industry has been almost completely destroyed and only a few mills are now in production. Some tanneries have been restored and a large shoe factory is in operation in Lublin. Six sugar refineries, seven vegetable oil factories, three vegetable processing plants, a macaroni factory and numerous flour mills are in operation.

Five. Polish Jews set up a central committee.

Jewish provincial committees have been formed in the liberated territories of Poland and have elected a central committee. Its aim is to fight the Germans, establish a democratic Poland, rehabilitate its national economy and work for the revival of Jewish culture and arts. It had decided to launch a relief campaign for the Jewish population in Poland in cooperation with Jewish organizations abroad. It will maintain close contact with the organizing Committee of Polish Jews in the Soviet Union. Dr. Sommerstein has been elected chairman of the Central Committee.

JMS

KERMAN

COPY NO. cfSECRETOPTEL No. 374

Information received up to 10 a.m., 18th November 1944.

1. NAVAL

On 15th/16th E-boats laid mines off the Humber. During recent patrol Malacca Strait one of H.M. Submarines sank a gun boat and a coaster.

2. MILITARY

WESTERN FRONT. Only local advances by Third U.S. Army in sector between Dieuze and Thionville. No progress by U.S. First and Ninth Armies who have met very determined resistance, especially west of Duren. No further progress by British troops in Roermond area where railway bridge blown. Further north, scrappy fighting has taken place in an endeavour to secure a bridgehead over the Canal de Derivation, the whole line of which is strongly held by the enemy. So far only one company has crossed. Approaches to Canal from S.W. extremely poor and run through swampy country which combined with very wet weather has caused great difficulty in bringing up supporting weapons. Canadian patrols have crossed the Maas north of Tilburg without meeting resistance, but encountered opposition when they tried to cross some four miles to the East.

3. AIR

WESTERN FRONT. 17th. Bad weather prevented operations by heavy bombers. 51 medium bombers (1 missing) effectively attacked supply dump Haguenau and railway and pontoon bridges Nuremburg, dropping 37 tons. 1016 aircraft supported ground operations, attacked German troops and ammunition dumps and dropping 279 tons. 36 locomotives, 326 railway wagons, 20 armoured vehicles and 246 M.T. destroyed or damaged. Railway track cut in 38 places. German casualties 5, 2, 1 in action and 15 destroyed on the ground for 13 Allied aircraft missing. A Halifax set on fire a 4,000 ton vessel in the Kattegat.

MEDITERRANEAN. 16th. 532 escorted heavy bombers (18 missing) bombed Munich west railway station - 714 tons, railway south of Munich - 22, and Innsbruck 114. Results mainly unobserved except at Innsbruck where good. 25 other heavy bombers successfully bombed two troop concentrations Yugoslavia - 37 tons. Enemy casualties 9, 2, 2. Ours - 2 fighters missing. 263 escorted medium bombers (2 missing) and 834 light and fighter bombers and fighters successfully attacked railway N.W. Italy and communications in the battle area. 110 aircraft attacked shipping in Northern Adriatic and other objectives Italy, Albania and Yugoslavia.

17th. 658 heavy bombers (6 missing) bombed oil refineries Blechhammer - 178 tons, and Vienna - 359, two railway centres Austria - 360, and another at Gyor, Hungary - 189.

4. HOME SECURITY

One rocket incident. No casualties.

About 7:30 p.m. 11 flying bombs plotted of which six crossed the coast. Seven destroyed by A.A. None reached London. Five incidents Essex. 11 serious casualties Hadleigh, near Southend.