

DIARY

Book 807

January 3-7, 1945

Aachen
 See Post-War Planning: Germany

American Bankers' Association
 See Post-War Planning: Bretton Woods Conference

Appointments and Resignations
 Forbes, Russell: HMJr and Pahle discuss for Surplus
 Property (Disposal of) - 1/3/45..... 807 50

Banque J. E. Charles and Cie
 See Foreign Funds Control: Gould, Mrs. Frank Jay

Bergson, Peter H. (Hebrew Committee of National Liberation)
 See War Refugee Board

Bretton Woods Conference
 See Post-War Planning

China
 No-rate yuan for procurement of local supplies and
 services for U.S. Government agencies: American
 Embassy, Chungking, informed Adler will discuss on
 return to China - 1/4/45..... 228

**Kung-HMJr correspondence concerning speed in shipments
 of gold - 1/5/45..... 257**

 a) Treasury cable to American Embassy, Chungking -
 1/6/45..... 327

 b) Memorandum to FDR (not sent) on dangerous
 speculative possibilities..... 329

 c) Adler told to discuss situation with General Hurley
 and report to Treasury - 1/6/45: See Book 808,
 page 139

Correspondence
 Mrs. Forbush's mail report - 1/5/45..... 281

Forbes, Russell
 See Appointments and Resignations

Foreign Financial Policy Board
 See also Book 800: Foreign Financial Activities

FDR sent memorandum and proposed Executive Order; FDR also
 asked to discuss with Stettinius and HMJr - 1/5/45..... 244

 a) Copy sent to Stettinius..... 261

HMJr and Stettinius see FDR - 1/5/45: See Book 808, page 280
 a) Copies of all documents attached

Foreign Financial Policy Board (Continued)

Stettinius-HMJr conversation while waiting to see FDR related confidentially to Treasury group - 1/10/45: See Book 808, page 300

- a) Stettinius suggests Cabinet committee of State, Treasury, Commerce, and Interior
- b) Crowley has copy of Treasury draft of Executive Order - Stettinius tells HMJr: Book 808, page 302
 - 1) HMJr tells Stettinius Treasury did not give copy to Crowley: Book 808, page 317
 - 2) FDR sent copy to Crowley - Stettinius tells HMJr - 1/10/45: Book 808, page 319
- c) FDR-Stettinius-HMJr conference reported: Book 808, page 303
 - 1) State Department to have no finance section: Book 808, page 305

FDR sent memorandum explaining Treasury position in the field of foreign financial policy - 1/10/45: Book 810, page 258

Foreign Funds Control

Gould, Mrs. Frank Jay: Establishment of bank in Monaco to cloak German assets discussed in White memorandum - 1/3/45.....

807 81

- a) France would welcome Treasury action - 1/29/45: See Book 812, page 279

Germany

See Post-War Planning

Gold

See China

Gould, Mrs. Frank Jay

See Foreign Funds Control

Hebrew Committee of National Liberation

See War Refugee Board

Lend-Lease

United Kingdom

Aircraft despatched, weeks ending December 22 and 29 - British Air Commission report - 1/4/45.....

215

Federal Reserve Bank of New York statement showing dollar disbursements, week ending December 27, 1944 - 1/4/45.....

218

Military Reports

See Post-War Planning: Germany

Monaco

See Foreign Funds Control: Gould, Mrs. Frank Jay

Parker, George B.

See Scripps-Howard Newspapers

Post-War Planning

Bretton Woods Conference

See Book 806

Germany: War Department sends copies of reports from
Supreme Headquarters, Allied Expeditionary Force on

military government operations in Germany - 1/6/45..... 807 331

a) Reports on Aachen predominate

Roosevelt, Franklin D.

State of the Union Message, January 1945

Taxation paragraph discussed by Treasury group -

1/3/45..... 62

a) Draft..... 70

b) Gaston's memorandum after conference in
Rosenman's office - 1/5/45..... 230

Copy showing Treasury contributions prepared by

Gaston - 1/8/45: See Book 808, page 83

Scripps-Howard Newspapers

Editorial policy criticized in HMJr's letter to George B.

Parker - 1/5/45..... 266

a) Parker's reply - 1/9/45: See Book 808, page 223

HMJr invites Parker to lunch - 1/12/45: Book 802, page 104

HMJr's letter to Parker following luncheon - 1/19/45:

Book 811, page 101

a) Parker's brief reply - 1/21/45: Book 811, page 252

State Department

Luncheon at Blair House for Treasury group - White

memorandum - 1/4/45..... 157

Organisation chart - 1/4/45..... 210

State of the Union Message, January 1945

See Roosevelt, Franklin D.

SHANF (Supreme Headquarters, Allied Expeditionary Force)

See Post-War Planning: Germany

Switzerland

See War Refugee Board

- T -

Taxation

See Roosevelt, Franklin D.: State of the Union Message,
January 1945

Book Page

- U -

United Kingdom

See Lend-Lease

- W -

War, Duration of

Public statements concerning - 1/3/45..... 807 82

War Department

See Post-War Planning: Germany

War Mobilization and Reconversion, Office of

Byrnes report: See Book 806

War Refugee Board

Switzerland: Joint Distribution Committee-Gestapo
conversations reported to HMJr by Pehle - 1/3/45..... 45

Peter Bergson (Hebrew Committee of National Liberation)
calls on HMJr - 1/6/45..... 368

January 3, 1945
10:04 a.m.

HMJr: Hello.

Operator: Congressman Doughton.

HMJr: Hello.

Operator: Go ahead.

HMJr: Hello.

Robert
Doughton: All right, Henry.

HMJr: Bob, how are you? Bob?

D: Yes.

HMJr: Can you hear me?

D: Yes, sir.

HMJr: I want to ask your advice a little bit. We're being asked all kinds of questions about what we're doing in regard to future taxation.

D: Yes.

HMJr: And in view of that statement of Byrnes' on taxes.

D: How's that?

HMJr: In view of what Byrnes had to say yesterday.

D: Yeah, I read it.

HMJr: I wondered how -- how you were going to handle that.

D: Well, I didn't know that I'd just do anything.

HMJr: I see.

D: What do you think? I -- if I were asked any questions, I was going to say that we were getting along fine. I've told everybody that -- working together in perfect harmony and coordinating our efforts in perfect cooperation, just as fine as could be, and that I thought that it was a matter that could very appropriately be left to the

D:
Cont'd. President to -- uh -- the Treasury and to the Congress -- the Committees of Congress had the responsibility. That's the way I feel about it. I was astounded and I thank you for calling me about it. I have no wonder that you were upset somewhat about it, because I can't understand why Byrnes would have done that.

HMJr: Well, I can't either. Of course, the point is: one thing they said in this thing that kind of got me a little upset was the story in today's Tribune that we've been holding these secret sessions. See?

D: That who has?

HMJr: Congress and the Treasury.

D: Secret sessions?

HMJr: Yeah, it's in the Tribune right -- New York Tribune. Just a minute I'll find

D: Well, we -- I don't know what they call secret sessions.

HMJr: That's what I want to know.

D: Yes.

HMJr: What they say here -- let me just read a minute: "The Treasury has been conducting several -- for several months secret sessions and they will be -- not ready to report to Congress until Spring." Now, we've had no

D: Why, they don't refer that way to the Committee on Ways and Means or the

HMJr: Well, I think

D: Finance Committee. They just say you've been holding secret sessions -- well, you've always got -- you're always making a study of tax matters.

HMJr: Yes. But the thought that -- I think that all of this fine work that's been going on all summer -- I don't think that they quite understand that. And you're going to call them together fairly soon, aren't you?

D: What do you mean, this special committee?

HMJr: Yes.

D: We had them together, you know, the other day and we didn't come through to getting a report from our staff and it was right in the last days of the Congress and the Senate couldn't meet. They were holding night and day sessions and we were part of the time, and we didn't even get through with that report. I was talking to George not ten minutes ago about that and we both agreed that just as early next week as we could -- our committee, you know, is a committee on committees.

HMJr: Yes.

D: They're Democratic members.

HMJr: Yeah.

D: And we've got to fill these vacancies which will take us a few days. And he said he was on the Steering Committee and he'd be tied up for a few days, but we agreed, we thought by about Wednesday of next week, that we'd be able to meet again -- this Post-war Committee -- and receive the remainder of the balance of that report, and lay our plans then for our future procedure.

HMJr: Well, I -- what I was wondering whether the public isn't going to misunderstand. I mean, here's all this fine work that's done by the Joint Committee and by the Treasury --now, is that going to be thrown in the ash can?

D: Well, who's going to throw it in if it is?

HMJr: Well, I don't know.

D: Why, not so far as I'm concerned, there won't be any of it thrown in the ash can. That's the important thing I've got. That's the reason I was so pleased with the way we're getting along. And

HMJr: Well, don't you think that coming from you today that that might be explained -- that we're going to go right ahead -- that our studies have been

HMJr:
Cont'd.

made and a lot of ground work has been done. In fact, we're in better shape for the new Congress coming in than we've ever been before.

D: Why, yes, I'd be glad to give a statement of that kind or a joint statement with Senator George, either one you thought more appropriate. We could get together and kind of -- you could send some man down and let

HMJr: Fine.

D: We could all get together, Stam and us, and prepare a statement and give it out at once.

HMJr: I think that would be wonderful.

D: That would suit me exactly. I was feeling the need of something like that this morning -- uh -- the clarification of the matter in some way but I didn't know exactly how to go at it. But I'm determined on one thing

HMJr: Yeah.

D: that if I can't say something that will make conditions better, I'm not going to say something that will cause confusion.

HMJr: Well, I think if you get out a statement along the lines that you're talking, then I think that it would give more confidence on the part of the public in the Congress.

D: Well, these confounded newspapers here won't half the time print a statement I give out. I don't know why it is.

HMJr: Well, I think if you and George have a joint statement which you got out this morning -- I think every newspaper in the United States will print it.

D: Well, I think they would, too, and probably would if I gave it out but it would probably be more appropriate as long as there's a joint

HMJr: Yeah.

D: Of course, ordinarily the Ways and Means Committee has to take the initiative but now in this study, why, the Senate -- these members of this Joint Post-war Tax Committee, they have the same responsibility so far as the President is concerned as the Ways and Means Committee has. There's six of them, you know, and six of us.

HMJr: Oh, yes. Well, I'd love to accept your invitation and send two of our men up.

D: How's that?

HMJr: I would be delighted to accept your invitation to send two of our men up there.

D: Well, I believe that would be a good idea.

HMJr: Would Roy Blough and Joe O'Connell be satisfactory?

D: Fine as could be. Blough is working with us fine.

HMJr: Well, I'll

D: He's a fine boy.

HMJr: I'll tell them to get their hats and go right up there.

D: All right. I'll -- I'll call up Senator George....

HMJr: Fine.

D: and ask him if he'd like to meet us over at my committee room by the time they come....

HMJr: Well, they'll be up there by ten-thirty.

D: to prepare this statement.

HMJr: Where should they go?

D: Let them come to my office if I don't phone you differently.

HMJr: To your office if they don't

D: Yes, if I find we're going to meet over in the committee room in the Capitol

HMJr: Yeah.

D: Well, ten-thirty is going to be here right now.

HMJr: Well, is that too soon?

D: No, I guess not. I want to confirm it with Senator George. He might -- I'd like to give him time to meet with us if he could.

HMJr: Well, I'll tell you what I'll do: I'll wait until you call me back before I send them up.

D: Good. I'll call you back in a -- just as soon as I can get in touch with Senator George.

HMJr: Fine.

D: Thank you.

HMJr: Thank you.

7
January 3, 1945
10:19 a.m.

HMJr: Hello.

Robert
Doughton: Hello, Henry.

HMJr: Yes, Bob.

D: After talking to you, I talked with Senator George and he's in accord with our thoughts that we should issue a statement

HMJr: Yeah.

D: setting forth what we're doing and what we're proposing to do and if there's anything -- if you want to refer to anything about these Treasury meetings -- secret sessions -- there's nothing more than is always necessary in making a study and that Congress has arrived at no conclusion, so if you could -- and I've talked with Stam and he says he can meet with us, so if you'll send your men down, giving them such suggestions and instructions you want before they leave and meet at a quarter to eleven over in the Ways and Means Committee Room -- quarter to eleven -- in the Ways and Means Committee Room in the Capitol, I'll meet over there with them.

HMJr: Fine.

D: And Senator George -- we'd call him when we got it ready and we could give it out today as a joint statement.

HMJr: Fine. They'll be up there -- O'Connell and Blough will be up there at a quarter of eleven.

D: Quarter of eleven in the Committee Room in the Capitol.

HMJr: Right.

D: And I'll fix -- I'll have Stam over there and we'll work together on it

HMJr: Fine.

D: if you approve that.

January 3, 1945
11:05 a.m.

RE: BRETTON WOODS

Present: Mr. Luxford
Mr. Bernstein

H.M.JR: What do you men want of me?

MR. LUXFORD: First thing, we have a draft of the legislation prepared which we have gone over in a preliminary way with some of the other agencies, but still we should discuss it with them further, but first we wanted to get a decision from you on certain items, Mr. Secretary.

The first is that in our discussions with State they indicated that they were having a little difficulty on whether to go in as a treaty or as an executive agreement. They will agree at least nominally that it is easier if we can get away with an executive agreement. They were a little afraid they might have trouble. I think it is extremely clear from Treasury's point of view we would want to go in an executive agreement if our political advisors on the Hill tell us it is feasible.

H.M.JR: I have no argument there.

MR. LUXFORD: The second thing--

H.M.JR: Go right ahead.

MR. LUXFORD: Would be on the appointment of the governors and executive directors. The way we have the thing worked out the President would appoint the governors and executive directors, both institutions, and they would be serving under the President. One of the reasons that we did that was because we saw

- 2 -

after our first meeting with the other agencies there was going to be a good deal of wrangling about who would be on the board to advise the governors and executive directors and who would be directing them. We thought the best way to avoid that was to leave it with the President and not to get into that issue of who was actually going to be the boss.

Then, there is the question of how we should finance the Bretton Woods proposals. You have a substantial amount of money involved, but we are trying-- we would think that it would be smart if we could find a way to avoid having this legislation go through Banking and Currency Committees and have it approved, and then have to go back and have an appropriation; I mean, you have to go through Congress twice.

H.M.JR: That is right.

MR. LUXFORD: To avoid that we have set the proposal up so we would take a substantial amount of the present Stabilization Fund, either one-sixth or one-eighth, probably one-eighth, and then you would obtain the balance by the Treasury issuing notes under the Second Liberty Loan Act to the depository for the Banking Fund so that the Fund would be there in the form of non-interest bearing notes and whenever the Bank or the Fund needed that money over and above the one million eight--at that point they would render the notes to the Treasury and get them redeemed.

H.M.JR: Up to how much?

MR. LUXFORD: To the full amount of your contribution, four billion, six, plus one billion, eight.

MR. BERNSTEIN: Five billion nine.

-3-

H.M.JR: Listen, before you go any further, I don't believe that Banking and Currency would pass legislation carrying an appropriation.

MR. LUXFORD: That is why we have tried to work it out so that it will not be an appropriation.

H.M.JR: How are you going to make it possible to draw on the Stabilization Fund.

MR. BERNSTEIN: That is already appropriated-- the transfer of its use.

MR. LUXFORD: I think there are a number of instances where it would change.

H.M.JR: That part of the thing you will have to talk over with the people on the Hill.

MR. LUXFORD: That is one of the things we will get to. We agree fully on that, Mr. Secretary.

H.M.JR: Let me put it this way. If a device was to be worked out, say to the Hill, so you don't have to go through the thing twice the way we did with UNRRA, we will lend-lease time for it.

MR. LUXFORD: That is what we are doing. It will be for Wagner and Spence on the Hill to make a final decision as to whether they think it will work.

H.M.JR: That is right.

MR. LUXFORD: Then there is the question we have in the document at this point on a repeal of the Johnson Act to the extent that it interferes with the Fund in the Bank. In fact, we say we repeal it as to all countries joining the Fund in the Bank. Now we have to do that from the

-4-

point of view of the Bank.

H.M.JR: Why not repeal the whole thing?

MR. LUXFORD: We all agree it should be repealed.

H.M.JR: Again I would refer that to this thing Harry told me about. He wants me to try to get a meeting together with Wagner and what's his name?

MR. LUXFORD: Spence. But we have in mind we have to negotiate with these other agencies and get them into agreement before we see Wagner and Spence.

H.M.JR: Anyway, that is all right with me.

MR. LUXFORD: Is there any other point you see in here which we ought to raise with the Secretary?

MR. BERNSTEIN: The reservation of certain authorities, certain things that the American Delegation, the American representatives, may not do?

MR. LUXFORD: You recall there were a number of places in the Fund Agreement, particularly where the Government must give its consent, as for instance, before you can have a change in the par value of its currency or where you change uniformly all the par values. Now, we have gone through there and wherever we were in a controversial issue which might interfere with its passage if you tried to give discretion to the President, we have put in express prohibition against you as giving consent on those scores unless Congress approves in advance, the theory being not to try to fight but to be conservative on that score.

H.M.JR: Yes.

MR. LUXFORD: Now I believe that that is it.

-5-

H.M.JR: I don't quite understand that last one.

MR. LUXFORD: You remember one of the things that is in the Fund Agreement is that if a majority of the governments or countries belonging to the Fund want a change in all of the par values of the currencies, they can vote it.

H.M.JR: Yes.

MR. LUXFORD: And each country has the right if it wants to--we don't want it applied to us. But we want to put in here that nobody can vote the United States on that issue without first getting Congressional approval so that Congress can't say we are trying to find a way to change the value of the gold content of the dollar. This will make it clear that that cannot be done without Congressional approval.

H.M.JR: All right.

MR. LUXFORD: And there are two or three other items such as amending documents--you can amend it without Congressional approval.

H.M.JR: I think the thing I ought to do first is try to get hold of Wagner and Spence and see if I can arrange a meeting with them for Monday. It would be the first time I can do it.

MR. LUXFORD: Certainly a meeting of that character is called for.

H.M.JR: That is what White wanted.

MR. LUXFORD: And the sooner, the better.

H.M.JR: I can't do it before Monday.

MR. LUXFORD: Did you consider Tobey and Wolcott in on the meeting?

-6-

H.M.JR: I was going to ask their advice.

It is Spence, Tobey and Wolcott, right?

MR. LUXFORD: Yes. That is right.

There is one joker provision--not joker provision, but one thing we have discussed. We put it in, and then decided not to. You might be interested in it. It is an over-all proposition; we have all these old war debts hanging over our head from the last war. We discussed the possibility of just putting in a one or two-line provision to the effect that the President would be authorized to settle those as a part of settling Lend-Lease, the thought being you might--

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

15
January 3, 1945
11:18 a.m.

HMJr: Hello.

Senator
Wagner: Hello.

HMJr: Happy New Year, Bob.

W: Happy New Year to you, Henry.

HMJr: How are you?

W: Oh, pretty good -- a little cold.

HMJr: I see. Cold?

W: Cold, yes, I'm like a lot of other people, I
suppose, get a little cold once in a while.

HMJr: That's right.

W: But I'm all right.

HMJr: You and ten other million people, huh?

W: What's that?

HMJr: You and ten million other

W: Yeah, yeah.

HMJr: Bob, what I'm calling up about is I want a
little advice.

W: Yes.

HMJr: We want to get started now on this legislation
of Bretton Woods.

W: Oh, my God! Yeah.

HMJr: And I thought the first thing would be for us
to have a little meeting with you and Spence.

W: Yes.

HMJr: And talk about it.

W: Yes.

HMJr: And see where we -- how we get started. Now, I don't know whether you would want Wolcott and Tobey there or just make it a Democratic meeting.

W: Oh, I don't

HMJr: What do you think?

W: I'm quite willing to have Republicans there.

HMJr: Well, I just didn't know.

W: Yeah.

HMJr: This would be

W: What do you think?

HMJr: Well, my own hunch was that they behaved so well up there that I thought if we brought them in from the beginning we might have better luck.

W: I think so.

HMJr: What?

W: I think so. And then it's always a -- a good answer by you or any of us that this is not a political thing because both parties are -- are here.

HMJr: Well -- yeah. Now, what time Monday would be convenient for you?

W: Well, I don't know, Henry. I'm told we were to have a meeting on this Post-war Committee -- I don't know whether that's going to go on. Taft is chairman of one of those damned sub-committees -- the -- one of the committees -- he's chairman of a sub-committee on the Post-war Committee, which Walter George has got now. They chased me out on that and then wouldn't even put me on the committee. But I -- I'm one of the members of a sub-committee on housing and I think they were to have meetings on Monday, but I'll know that more definitely a little later on.

HMJr: Well

W: I think it's two, and I ought to be there myself, although

HMJr: Would you like to do it at lunch time? I can give you a pretty good lunch down here.

W: Yeah. Well, maybe that would be all right with me then, Henry.

HMJr: We have pretty good food down here. We can give you pig knuckles and saurkraut if you want them.

W: Oh, dear.

HMJr: I was just kidding.

W: Yeah. I've got to watch my step, too.

HMJr: Yeah, -- you mean your waist. (Laughs)

W: My eating, yeah.

HMJr: How about one o'clock if I can get the others?

W: All right, I'll be there if you can get the others.

HMJr: Well, if you don't hear from me again, it's a date.

W: All right.

HMJr: How's that?

W: Up in your sumptuous place there?

HMJr: In the Treasury.

W: Yeah. Well, gee, that's a glorious looking place.

HMJr: Now, listen.

W: Yeah.

HMJr: Don't kid me so early in the year.

W: Don't

HMJr: I say, don't kid me so early in the year.

W: Yeah. Well

HMJr: All right. I'll look forward to seeing you.

W: All right, Henry.

HMJr: Thank you.

W: Thank you.

- 7 -

H.M.JR: He is enthusiastic, isn't he?

MR. LUXFORD: I know he is enthusiastic about it, but he probably just hates to take on the job. He is worried about the fact that he doesn't understand it.

H.M.JR: Oh, well, anyway--

MR. LUXFORD: We were talking for a minute about this idea of giving the President authority to liquidate old war debts as part of Lend-Lease. Politically it has always been hard to get that issue tied up with anything else. It has always been Congress' attitude that we wouldn't give up our war debts, but there is a possibility you could capitalize on it and say, "If we are ever going to get anything out of them--

H.M.JR: Listen, fellow, don't add any more to this thing than you have to. Take the advice of the old man.

MR. LUXFORD: It was generally agreed upon that we would not.

H.M.JR: This is going to be difficult enough. I have sent in two or three letters to the President, recommending that we do this, and for some reason he just didn't spark. Take my advice; I would not. I have tried two or three times formally to get him to do it, and it doesn't interest him. So I dropped that. Let somebody else carry that one.

MR. LUXFORD: All right, I think that is right.

H.M.JR: What else?

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

January 3, 1945 20
11:23 a.m.

Senator Tobey: Good morning to you, Henry Morgenthau.

HMJr: How's my good friend?

T: I'm very well, thank you. I've been home with an attack of acute neuritis but I've recovered pretty well.

HMJr: Well, that's good.

T: And how are you?

HMJr: Oh, I'm just struggling along in my twelfth year.

T: Oh, I know; I read the account of the length of service. It's an epoch, isn't it? A record.

HMJr: Well, I don't know whether -- it may be a record in length of time.

T: Oh, I think it's a record in many ways and I've come to know you better and I feel very earnest, sincerely, that way. I assume that our monetary plan will come before long, won't it?

HMJr: Well, that's why I'm calling up and I was trying to see if I could get you and Wagner and Wolcott and Spence to have lunch with us on Monday to discuss, well, just how we get started.

T: I -- I want very much to do that. The only thing is, I'm taking some treatments for this arm -- injections in the arm, and I've got a doctor doing it from Boston. I was going back Saturday and I wouldn't be back probably until Thursday or Friday.

HMJr: Oh.

T: So that -- but you can go ahead and I'll get it from you or from them.

HMJr: Well, I'm asking Wolcott and you can get it from us or after you come back, I'll be glad to see you at your convenience.

T: Well, thank you. I can -- be assured of my cooperation. The only thing is I have the earnest purpose to help put that through.

HMJr: Yes.

T: I'm a little bit rusty on it, I feel.

HMJr: Well, we all are.

T: And I can always come to the head -- to you and talk that matter over -- White also.

HMJr: Well, would you give me a ring when you get back?

T: I'll do it with pleasure.

HMJr: And we'll get together as soon as you get back.

T: Yeah, I'll go all the way down to you.

HMJr: Wonderful. We're counting on you.

T: I'll do everything I can.

HMJr: Thank you so much.

T: I need a little strength in the back, that's all.

HMJr: Well, we

T: Happy New Year to you and your good wife.

HMJr: And many to you.

T: Thank you. Good bye.

- 8 -

MR. LUXFORD: People said that as soon as the election was over he would turn against us. This certainly doesn't bear them out.

H.M.JR: I am one who said he wouldn't.

MR. LUXFORD: So am I, and so is Harry.

H.M.JR: That said he wouldn't? Somebody--Harry was opposed to my making this non-partisan, but you know, you can't do anything in this town that doesn't get around. If we had one meeting without them--

MR. LUXFORD: Well, Spence will be the real fellow, but whether he will be willing to come in on the bi-partisan--

MR. BERNSTEIN: That has always been the more difficult house, I think, for us.

H.M.JR: Well, I think if we keep this thing non-partisan--it is amazing how soon a thing can be dropped if somebody isn't working against you.

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

January 3, 1945²³ L
11:25 a.m.

HMJr: Hello.

Operator: Congressman Spence.

HMJr: Hello.

Brent
Spence: Hello, Mr. Secretary.

HMJr: How are you?

S: I'm pretty well. How are you?

HMJr: Never better, thank you.

S: I hope you had a merry Christmas and I hope
you'll have a happy New Year.

HMJr: Well, the same to you and Mrs. Spence.
Congressman, we thought we'd like to kind of
get started in talking over where we go from
here with the Congress of the United States.

S: Yes.

HMJr: And I wondered whether it would be agreeable to
you to come down

S: I'll come down any time you want me to.

HMJr: Well, I was fixing it Monday for lunch.

S: Monday?

HMJr: Yes.

S: All right.

HMJr: Now, I'm going to invite

S: What time?

HMJr: One o'clock.

S: One o'clock.

HMJr: I have invited Wagner and he's coming. Tobey's
going to be out of town. He can't come. Hello?

S: Yes.

HMJr: And now I'm going to call up Wolcott.

S: All right. I'll be glad to go.

HMJr: I thought we'd keep it non-partisan right from the start.

S: Oh, I think that's right, yes.

HMJr: You agree on that?

S: There's nothing -- absolutely. We don't want any quarrel about this -- nothing existing partisan about this -- there shouldn't be.

HMJr: Well, that's the way I feel.

S: Yes, I'm glad you're going to invite Wolcott and I'm glad you're going to invite Tobey. I think that we need them.

HMJr: All right, then I'll look forward to seeing you at one o'clock in the Treasury Monday.

S: Monday -- one o'clock Monday. I'll be there. Thank you very much, Mr. Secretary.

HMJr: Thank you. Thank you.

- 9 -

MR. LUXFORD: He is a very cooperative fellow. If we can hold Tobey and Wolcott in line, it would be pretty hard for the opposition to really move together.

H.M.JR: The thing I think we ought to do is somehow or other have a couple evenings or something with some of these columnists in which we could have some of these people present, especially Republicans, and maybe have a little beer and something, and sit around and let them talk this thing over.

MR. LUXFORD: Somebody that is good on publicity ought to be pulled in on this thing.

H.M.JR: We ought to have somebody.

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

January 3, 1945 26
11:28 a.m.

HMJr: Hello.

Operator: Congressman Wolcott.

HMJr: Hello. Hello.

Jesse P. Wolcott: How do you do, Mr. Secretary?

HMJr: How are you?

W: Well, I'm better. Happy New Year to you and everything.

HMJr: Same to you. I thought my name was "Henry" up in Bretton Woods.

W: (Laughs) Well, it will be "Henry" from now on.

HMJr: Good for you. Happy New Year to you.

W: Well, thank you ever so much. How is Mrs. Morgenthau?

HMJr: Well, she's pretty well only.

W: I'd like to be remembered to her.

HMJr: Thank you.

W: I got a beautiful card, as you probably did, from Dr. Kung, which I appreciated very much.

HMJr: Yes. It was very nice. Now, what we are -- would like is to sort of get started on Monday talking with members of the Congress who were on the Committee at Bretton Woods and get some advice how we should start. And I had hoped that you could come down to the Treasury and have lunch with us at one o'clock.

W: Monday?

HMJr: Monday.

W: I'd be very pleased to.

HMJr: That would be fine. Unfortunately, Tobey is going to be out of town until Thursday but he gave

HMJr:
Cont'd. gave us his blessing from the green hills of
New Hampshire to the

W: (Laughs)

HMJr: sidewalks of Washington.

W: Well, I'll be very pleased -- what time?

HMJr: One o'clock. And there'll be -- it'll be you
and Spence and Wagner

W: All right.

HMJr: and a couple of the boys from the Treasury.

W: Splendid.

HMJr: How will that be?

W: I'll be very happy to meet them all again.

HMJr: Fine. We want

W: Say, do you recall off hand whether you are still
going to Detroit to the Economist Club some time
in February?

HMJr: Not that I -- I think it's -- I really don't know.
I'd have to inquire.

W: I -- I had some correspondence with the Secretary
last year some time and wanted me to come out and
introduce you and I think he suggested that

HMJr: Well, you come down and we'll see if we can make
a deal.

W: (Laughs) Well I -- I'd feel it quite an honor to
be out there to introduce you.

HMJr: Well, I didn't know that you were going to intro-
duce me. If you are going to introduce me, I'll
go.

W: I've been -- I've been asked to.

HMJr: Well, you can tell them if you're going to introduce
me, I'll come.

W: Why, I know the secretary and I had a little by-play on it because -- it was along in October sometime -- he said, "Knowing that you are a Republican, I hope that you don't think I'm presumptuous in assuming that Henry Morgenthau will still be Secretary of the Treasury in February." (Laughs)

HMJr: Well, I didn't know that

W: He didn't want to take a chance on anything.

HMJr: Well, I didn't know that that was in the works. I'll look it up but if it's that kind of a deal, I'd love to go.

W: Well, they're a likable crowd out there. They -- you probably have heard of them -- they

HMJr: Oh, yes.

W: They have a splendid meeting and I -- I haven't heard anything from them since.

HMJr: Well, I'll look up the correspondence.

W: All right, Henry, I'll be there.

HMJr: Fine.

W: I'll see you at one p.m.

HMJr: Fine.

W: Good bye, sir.

- 10 -

MR. LUXFORD: That is a good combination, the Secretary and Wolcott.

MR. BERNSTEIN: It was stated in the letter that he would introduce you, but he said it was too early and to wait until after the new year, and we had intended to take that up today with him.

MR. LUXFORD: How about Judge Vinson?

H.M.JR: I will call him up, and we had better have Joe O'Connell.

Now, on the publicity thing, I think that is terribly important; we really ought to have almost a full-time man.

MR. LUXFORD: I told you David Carr offered to do it just on the side; he would like to talk to us about it and give us his ideas on it, on a big campaign.

H.M.JR: We need a full-time fellow.

(The Secretary holds a telephone conversation with Mr. Kelley in Mr. Vinson's office, as follows:)

January 3, 1945
11:33 a.m.

30

HMJr: Hello.

Operator: Mr. Kelley.

HMJr: Mr. Kelley.

Paul L.
Kelley: Yes, Mr. Secretary.

HMJr: I'm having for lunch Monday Senator Wagner,
Congressman Spence, Congressman Wolcott

K: Yes, sir.

HMJr: to discuss procedure on Bretton Woods
legislation.

K: Uh huh.

HMJr: Senator Tobey was invited but he will be out
of town. I very much hope that Judge Vinson
can come.

K: I think that he can, Mr. Secretary. What time?

HMJr: One o'clock Monday.

K: On Monday, January the eighth?

HMJr: Right.

K: At your office?

HMJr: Yes, sir.

K: All right, sir.

HMJr: And would you confirm it with Mr. FitzGerald
in my office?

K: Yes, Mr. Secretary.

HMJr: Thank you so much.

K: All right.

- 11 -

MR. BERNSTEIN: Mr. Secretary, have you seen this piece from the London Financial News about the Treasury and the Bretton Woods program--this little excerpt (hands Secretary memorandum to the Secretary from Mr. White dated January 1, 1945). (Book 806, p. 145)

H.M.JR: Yes.

Now, what else do you want to do today?

MR. LUXFORD: Did you take a look at that from the London Financial News? It is very interesting.

H.M.JR: No, but I will. I think what you boys ought to do is this: The bankers--

MR. LUXFORD: They are coming in tomorrow, aren't they?

H.M.JR: What time?

MR. LUXFORD: About nine-thirty.

H.M.JR: You couldn't give me something in the way of a brief which I might have a chance to look at this afternoon? Who is Hoffman?

MR. LUXFORD: That is Studebaker, remember?

H.M.JR: Yes. Well, I want two things. I ought to have a little brief from you on what this Murray Bill is.

MR. LUXFORD: Is he coming in today?

H.M.JR: Yes, at three-thirty. Who is present on the Murray--I mean, I can't have too many people. Just a second. When Senator Murray comes in at three-thirty, I want Joe O'Connell, and who else is working on this? We can't have too many.

MR. LUXFORD: Blough.

H.M.JR: Blough?

MR. LUXFORD: Haas is the fellow I would like to have in.

-12-

H.M.JR: Is Haas interested in this?

MR. LUXFORD: Yes, he is.

H.M.JR: George Haas, and who else?

MR. LUXFORD: Harry.

H.M.JR: No, Harry--

MR. LUXFORD: I am very much interested.

H.M.JR: And then Luxford.

Now, you fellows ought to come in a little before if I can squeeze you in after Hoffman-before Murray.

MR. LUXFORD: What time is that scheduled for?

H.M.JR: Three-thirty. Tomorrow before I start with the bankers somebody ought to brief me on what the objectives are.

MR. BERNSTEIN: I will be glad to do that.

H.M.JR: Why don't you do this, Bernstein? Where do you live?

MR. BERNSTEIN: In the Northwest, Chevy Chase.

H.M.JR: Do you come down by my place or do you come down in a car pool?

MR. BERNSTEIN: The famous car pool with Pehle, and Schmidt, and on the way home we add Luxford.

MR. LUXFORD: In that Austin.

H.M.JR: In the Austin? Oh, for God's sake! Doesn't it get cold?

MR. BERNSTEIN: The company gets very hot sometimes.

-13-

MR. LUXFORD: We have big arguments every night-- one going home, and one coming down.

H.M.JR: What time do you get down in the morning?

MR. BERNSTEIN: I am at the mercy of the drivers of the car, but I am glad to come down any time you wish me to.

H.M.JR: I think you ought to be here tomorrow morning at nine-fifteen and give me five minutes preparation before I see the bankers.

MR. BERNSTEIN: May I give you that memo this evening so you can have it?

H.M.JR: Yes.

MR. LUXFORD: I think it is only fair to say that the three of us, O'Connell, Haas, and myself are all more or less sympathetic to the Murray Bill; the only ones who wouldn't be would be Blough or Dan Bell. I just want to be fair with it.

MR. BERNSTEIN: With Blough it is a big tax matter.

H.M.JR: The thing you fellows ought to be particular about is the publicity matter. I want to say this, that I have letters and everything from the various wire services, and one from the head of INS. They say that in twenty-five years the finest job has just been done by War Bonds in servicing the newspapers. And I think I know the man who did it.

MR. LUXFORD: Little?

H.M.JR: Little.

MR. LUXFORD: You had better check with Herbert on that. Little is not a newspaper man.

H.M.JR: I know he isn't, but neither are you.

- 14 -

MR. LUXFORD: I am only saying he must have a different view of something that came up.

H.M.JR: I know, but let me just ask him.

(The Secretary holds a telephone conversation with Mr. Coyne.)

H.M.JR: Well, he is a good second man. He says Ted--

MR. LUXFORD: I suspect somebody else had the brains and he carried out the job. That isn't to say that that isn't important. It is very important.

H.M.JR: The answer is, the best job was done with the presses according to INS that has ever been done in Washington. He is the kind of fellow to whom you say, "This is what I want done," and he does it. He isn't going to tell you what to do.

MR. LUXFORD: What we need is somebody to tell us how to run--

H.M.JR: Well, I will think about it. All right.

Hand
1/9/45 — 35

MEMORANDUM

1. "Most countries already have large gold and dollar holdings. There is no need, therefore, for a large Fund. A smaller gold Fund of \$2 billion would be adequate."

Answer While all countries outside the United States may have about \$16 billion in gold and dollars after urgent postwar needs are met, these holdings will be very unevenly distributed. It is doubtful whether all countries together would be willing to use as much as \$5 billion to keep their currencies stable. The International Monetary Fund would induce countries to use more of their own resources because it would provide a second line of reserves. From the point of view of confidence it is necessary to have a large enough Fund rather than risk too small a Fund.

2. "The Fund gives credit to countries automatically regardless of whether they need credit or are worthy of credit. Help should be given on a selective basis only to those countries that are credit worthy."

Answer The Fund would not undertake exchange transactions with any country until it is in a position to use the Fund's resources to maintain stable exchanges. If at any time a country uses the Fund's resources contrary to the purposes of the Fund, the country could be declared ineligible to use the Fund's resources. This technique is used in all of our own stabilization agreements. It is also used in the recent agreements between England and Belgium and Holland. A country can use the Fund's resources only when it is in a position to stabilize its currency and only so long as it carries out the purposes of the Fund. This is not automatic credit.

3. "The Fund will be inflationary and it will be used by other countries to postpone essential economic adjustments."

Answer The resources of the Fund are certainly not large enough, even if misused, to induce inflation. The fact is

- 2 -

the Fund has adequate safeguards to prevent its misuse. The Fund's resources are to be used only to give countries time to make the necessary economic adjustments. A country that uses the Fund to maintain unbalanced international accounts would be declared ineligible to use the Fund's resources. Membership in the Fund can give countries confidence in their currency and encourage them to take the necessary steps to maintain stable exchanges.

4. "The Fund cannot object to a proposed change in parity on the ground that domestic social or political policies of the country have brought about the need for a change in parity. Because of this restriction on the Fund's power it would be impossible to prevent successive devaluations of a currency."

Answer No country would be willing to make its policies on social security and employment dependent upon the attitude of the Fund. A social security program or a program to maintain employment would not require repeated adjustments in parity. Once the rate of exchange has been adjusted, there would be no further pressure on the balance of payments.

If a country pursues policies that lead to a steady deterioration in its international economic position the Fund could regard such policies as contrary to its purpose of promoting exchange stability. The Fund could then object to the proposed change in the parity. Furthermore, the Fund would not permit the use of its resources by a member that is not taking measures to adjust its international accounts; and if the country persists it may be compelled to withdraw from membership.

5. "The Fund will compel countries to adopt exchange control in order to avoid the use of its resources for capital purposes."

Answer No country would be required to adopt exchange control unless it is making use of the Fund's resources for a large or sustained outflow of capital. A country that

is not making use of the Fund's resources would obviously have no occasion to adopt exchange control. Even where exchange control is necessary to prevent a flight from a currency, a country would not be permitted to restrict payment for current international trade, including income on foreign investments and repayment of ordinary banking obligations. Far from compelling exchange control, the Fund makes sure that supervision is not used to restrict payments for international trade.

6. "The Fund will be used for relief and reconstruction and the strong currencies will be exhausted during the transition period. The Fund should be entirely given up or postponed until five years after the war."

Answer With the establishment of UNRRA and the Bank, there is little danger that countries will use the Fund for relief or reconstruction purposes. The most urgent cases will be handled by UNRRA without any obligation for payment. No country would prefer to use the Fund for purposes of reconstruction if loans could be secured from the Bank on reasonable terms. If the Fund has reason to believe that its resources are being misused, it can inform the member, and if a country persists in such a policy, it can be declared ineligible to use the Fund's resources.

7. "The best way to bring about stabilization now is to help England by a loan or a grant to stabilize the pound. Other countries could join with the United States and England in a stabilization arrangement after they have put their monetary systems on a sound basis."

Answer While a loan or grant of dollars might be helpful to Britain, it would not solve the fundamental British problem to restore its balance of payments in the postwar period. To do this, Britain must have a world in which international trade is expanded and in which there is an adequate volume of international investment. The Fund and the Bank will make possible the increase in international trade and investment which is essential to the solution of

- 4 -

Britain's balance of payments problems. The dollar and the pound are not the only currencies important for world trade. All currencies are important to the extent that they affect international trade. Furthermore, the danger of competitive exchange depreciation and restrictive exchange controls is much greater in other countries than in England. Only broad international monetary and financial cooperation can provide an environment in which all countries can achieve reasonable balance in their international accounts.

8. "The Fund should be dropped entirely and some of its powers given to the Bank, particularly the power to make stabilization loans. Then only countries worthy of credit would get help."

Answer The Fund will be most urgently needed during the period immediately after the war when countries establish their international monetary policy. If there is no Fund countries will feel compelled to adopt restrictive measures for direct control of their international trade. For this reason we must agree now on the principle of stable, orderly and free exchanges. To the extent that countries may for a time need exchange control, it should be continued under the supervision of the Fund. If adjustment in exchange rates is later necessary, it should be done by cooperation with the Fund.

Long-period stabilization loans require countries to incur heavy debts for exchange resources that would remain largely unused. Once a long-period loan is made, there would be no assurance that it would be used to maintain the proper exchange policies. The Fund provides for broad and continuous cooperation and help for exchange stabilization is made continuously dependent upon maintaining the principles of the Fund. No country would give up its freedom of action in undertaking economic warfare if they do not have reasonable assurance that they can get help when they need it, provided they abide by the principles of the Fund.

9. "The provision that the Bank may make loans or guarantees only at reasonable rates of interest may be used to force down interest rates on the market."

Answer The resources for the Bank's loans must come from the public. The Bank has only a limited amount of its own capital available for making loans. Unless the securities issued or guaranteed by the Bank bear a rate of interest which is reasonable, the public will not lend. The Bank has no means of creating credit and it must be dependent upon offering securities that the public finds remunerative. It is expected that the rates of interest on loans guaranteed or issued by the Bank would be less than they would otherwise be. The lower rate of interest on such securities would reflect sounder securities which are more attractive to investors. It should be noted too that with reasonable rates of interest the danger of defaults will be materially lessened.

10. "Other countries may not meet their subscriptions to the Bank when funds are needed to meet defaults. The lending and guaranteeing power of the Bank should therefore be restricted to the amount of the United States subscription."

Answer The limitation on the loans and guarantees of the Bank is extremely conservative. Furthermore, the Bank is required to set up a special reserve to meet defaults. If three out of four loans made by the Bank are met in full, the special reserve of the Bank will be adequate to meet all of the defaults that occur. Even under the most adverse circumstances it is very unlikely that a very large proportion of the loans made or guaranteed by the Bank will be defaulted. Even then, the Bank will not have to raise large sums at once. If the Bank can gradually call in its capital to meet these defaults, there is no reason for assuming that the countries that subscribe to the Bank will not be able to meet the moderate amount of their subscriptions which might be called annually to meet defaults.

January 3, 1945
2:49 p.m.

40

HMJr: in regard to Harry White.

Senator Tydings: Yeah. It's all right with me.

HMJr: Is it all right with you?

T: Yeah. Who is he?

HMJr: (Laughs) Well, he's been with me since '34. He came here originally with a group to make a study on the banking situation.

T: I see.

HMJr: And he has been ever since then working on financial and fiscal

T: Well, if you want him he's all right with me and I have no reason why I shouldn't go along. I've told them to approve it and send it on.

HMJr: Well, I -- oh, did somebody else call you?

T: No, but it came over from the Senate or something -- I don't know how it got here, but I told them it was all right.

HMJr: Well, I -- he's a very valuable assistant to me and he's a good Democrat.

T: Well, I'm awfully glad to see him get the promotion then.

HMJr: And anything that you can do up there, I'd appreciate it.

T: Well, I don't think there'll be any trouble.

HMJr: You don't?

T: No.

HMJr: Would you keep your ear to the ground?

T: Here's one trouble with me, Henry, I'm leaving tomorrow and won't be back 'til the 24th.

HMJr: Oh.

T: So that's the reason I'm okaying it and getting it behind but I don't think you'll have anything to worry about.

HMJr: Does that go to Walter George?

T: It would go, yes.

HMJr: Well

T: I don't think you'll have anything to worry about.

HMJr: Fine.

T: All right.

HMJr: Thank you.

T: You're welcome.

42
January 3, 1945
2:54 p.m.

Senator
George:

.... to tell us his statement is exhausted entirely and we're going right along that very line.

HMJr:

Fine. Walter, when I spoke to you this morning I didn't know that the President sent up the name of Harry White today. I knew he was going to send it up because I had recommended it for Assistant Secretary of the Treasury.

G:

Yes.

HMJr:

Now, I don't know whether you've ever met Mr. White but if you haven't, I'd be very glad to bring him up and introduce him to you.

G:

Where is he now, Henry?

HMJr:

He's with us. He's been with me in the Treasury since 1934. He's a Civil Service employee.

G:

Yes, I think I know Mr. White.

HMJr:

He's been with me since '34.

G:

Yes. He's all right, of course, or you wouldn't send him up.

HMJr:

He's a very, very able citizen.

G:

Uh huh.

HMJr:

And a Democrat.

G:

All right, Henry. I'll be glad to look after it.

HMJr:

Well, do you want me to bring him up to introduce him to you?

G:

No, no. If when the Committee meets

HMJr:

Yes.

G:

.... we're not supposed to do anything Barkley said until after the President sent his message over.

HMJr:

I see.

G:

But that will be Saturday. It will probably be Monday or Tuesday before we meet -- Monday I imagine.

HMJr: Yes.

G: And if we want him to come over, I'll be very glad to telephone you and you can send him over or bring him over.

HMJr: I'll be glad to bring him over.

G: All right. I'll telephone you.

HMJr: I thank you.

G: All right.

HMJr: Bye.

January 3, 1945
3:29 p.m.

HMJr: Hello.

Operator: Mr. Pehle. Go ahead.

HMJr: John.

John
Pehle: Yes, sir.

HMJr: I don't know what you've got on your mind
but you'd better try it on the phone.

P: Well, it's a War Refugee Board matter, Mr.
Secretary. It involves these negotiations
in Switzerland that have been going on with
the Germans.

HMJr: Oh. Are you going to clear that today?

P: I want to clear it as quickly as I can
because I've got to get it to State. It's
pretty hot.

HMJr: Where are you?

P: I'm three doors down from you.

HMJr: Well, how long are you going to be down there?

P: I'll be here the rest of the afternoon.

HMJr: Well, I -- I ought to be able to see you some
time between four-fifteen and four-thirty.

P: Right. All right, sir.

15
January 3, 1944
4:00 p.m.

RE: WAR REFUGEE BOARD
DISPOSAL OF SURPLUS PROPERTY

Present: Mr. Pehle
Mrs. Klotz

H.M.JR: Yes sir?

Mr. PEHLE: You recall, Mr. Secretary, that since last August the J.D.C. through Mayer in Switzerland--Saly Mayer who is top man in a Jewish Committee--has been carrying on discussions with the Gestapo, with regard to the salvation of Jews in return for money or goods.

Altogether a couple thousand people have come out of Switzerland directly as a result of those conversations. His tactics were to keep those negotiations going as long as possible. The Germans sometimes have made impossible demands of tractors and all sorts of war goods, etc. Things have now gotten to the point where Roswell McDelland, the war refugee man in Switzerland, a very good man, has strongly recommended that twenty million Swiss francs be put in Saly Mayer's hands--five million dollars. J.D.C. will put up the money to borrow. Now, there are two problems involved. One of them is whether the State Department and the War Department would be willing to see that money put in Saly Mayer's hands.

H.M.JR: You saw what the State Department did today?

MR. PEHLE: No.

H.M.JR: State Department, through Stettinius, has stopped all allied supplies going into Switzerland.

MR. PEHLE: I didn't see that. They are putting pressure on Switzerland.

H.M.JR: I thought that was why you were coming in.

MR. PEHLE: I didn't know about that.

H.M.JR: Whether they want to put up five million dollars, since now-

MR. PEHLE: The way we have put it up it would be in Saly Mayer's hands but he couldn't sell any of it without getting clearance here. If the State Department wants to say "No" it will be their responsibility, but I don't want to see the War Refugee Board, whose job it is to present programs, as far as possible.

H.M.JR: Where does the initiative come from?

MR. PEHLE: The Germans. Their latest offer-- it is a little vaguely couched, but it relates to stopping all persecution. If the Red Cross--

(The Secretary holds a telephone conversation with Mr. William J. Hopkins)

January 3, 1945
4:01 p.m.

Operator: Go ahead.

Wm. J. Hopkins: Hello.

HMJr: Yes.

H: Mr. Secretary.

HMJr: Speaking.

H: I have just been able to reach Mr. Barnes.

HMJr: Yes.

H: And he tells me that he spoke to Mr. Hannegan but had not spoken to the Maryland Senators.

HMJr: Well

H: It is his thought that the Treasury should do that.

HMJr: Well

H: You might want to speak to Mr. Barnes about it.

HMJr: No, I'm in the process of doing it now. I've already gotten Senator Tydings.

H: Yes, sir.

HMJr: He was delighted. Now, I've got a call for Radcliffe.

H: I see, sir.

HMJr: But look, take this thing up -- he's not here today -- tomorrow with Charlie Bell. You know Charlie.

H: Yes, sir.

HMJr: And let's get this thing straightened out. On appointments who does the contacting? I've been told definitely the White House is going to do it. Now, I'm delighted to do this one.

H: All right, sir, I'll take it up....

HMJr: But we sent up another nomination -- when we sent up O'Connell for General Counsel

H: Yes.

HMJr: Senator Wagner was sore that he wasn't spoken to before the name came up. And I think not only for the Treasury but for the sake of the President, that this thing ought to be ironed out.

H: I agree with you, Mr. Secretary, and I'll take that up and see if we can't

HMJr: I mean, so that

H: We ought to have some system to follow.

HMJr: I am quite sure that I was told by the White House that they would do the contacting, but I'm going to do it now.

H: I see, sir.

HMJr: For this one.

H: Yes, sir.

HMJr: And then will you let Charlie Bell know in the future how it will be handled?

H: Yes, sir. Yes, sir, I will.

HMJr: I thank you.

H: Thank you.

To go on, Mr. Secretary, the Germans now say that if someone will pay for the supplies necessary to keep these people alive, to be purchased in Switzerland, and the food to be distributed by the International Red Cross, that they are willing to let some people out and stop persecuting the rest. That is the most I can see and there is a possibility of further delays.

H.M.JR: That comes from a cable from Saly Mayer.

MR. PEHLE: And from Roswell McClelland.

H.M.JR: You don't have to sell me on this.

MR. PEHLE: I didn't want to go to Stettinius without being cleared by you.

H.M.JR: More power to you, but that thing, I imagine, is just breaking now. It won't help because like all these things, they are about two years late.

MR. PEHLE: The other problem in connection with this is the Russians and British. The Russians--we will have to tell them we are sending the money and not giving to the Germans at this point, and State will probably make us say we will not do it without getting Russia's clearance. With the British it is exactly the same thing. All we can do is get one stage nearer so Saly Mayer can at least say, "I have twenty million Swiss francs to deal with."

H.M.JR: Did you transfer the Swiss francs?

MR. PEHLE: Yes. We can get them to Saly Mayer through Roswell McClelland and make him set up a mechanism so they can't get out of that.

H.M.JR: You have my backing.

MRS. KLOTZ: Where are these people now?

-4-

MR. PEHLE: In German controlled territory, principally in Austria, some in Germany.

H.M.JR: Some must be in Hungary.

MR. PEHLE: In Budapest.

H.M.JR: Sure.

MR. PEHLE: Can I mention a couple other things?

H.M.JR: If you don't mind these interruptions.

MR. PEHLE: One possibility on the job we are looking to fill is Russell Forbes. Does that mean anything to you?

H.M.JR: What is the name?

MR. PEHLE: Russell Forbes. Does that name, Russell Forbes, mean anything to you? He was Commissioner of Purchase under La Guardia. He is outstanding in the whole Procurement field of the Government. I think in 1939 he did a little study in the Procurement Division for you. I don't know whether we can get him.

H.M.JR: Yes. Wasn't he connected with the New York Central?

MR. PEHLE: Not that I know of.

H.M.JR: I think he was Purchasing Agent for the New York Central.

MR. PEHLE: I think he was. I don't have it on the list. He may have even had the job of cleaning up the terrible mess in New York City. He has since left the New York job. Pleydell has taken it over.

H.M.JR: Who is he with now?

MR. PEHLE: He is not with anybody. He is in Florida. He is forty-eight years old and is supposed to be the outstanding man in Government purchase in the country.

H.M.JR: What do you want to do?

MR. PEHLE: I wanted to know if that meant anything to you?

H.M.JR: No. What else?

MR. PEHLE: Pleydell, who is successor to this man on La Guardia's staff, is going to submit to the new board as soon as it is established on surplus property, a comprehensive scale for municipal governments. We tried to get him to come down to talk to us first but LaGuardia said he couldn't come until the plan was announced. I don't know why LaGuardia operates that way but--

H.M.JR: Personal publicity.

MR. PEHLE: Apparently he does attract some good people. Pleydell is a good man too.

I had a meeting today with Admiral Buck who handles surplus stock with the Navy. He has an enormous staff. They are very anxious to be helpful to us in this thing. The help consists of keeping their staff going as long as possible. They want to do some of the mechanical work, and it is the worst kind of bureaucratic approach I ever saw, Mr. Secretary. They want to prepare the contracts, circulate the bidders. They want to do everything.

H.M.JR: Bidders?

MR. PEHLE: They have an organization, and in the middle of a war, with an admiral at the head of it; their sole aim is to keep the thing going. They tried to sell Olrich on this thing a couple of months ago.

H.M.JR: Why should you be surprised?

MR. PEHLE: I am not surprised. It makes me sort of disgusted.

I want to mention to you something about the film problem. The Army is turning over to us enormous quantities of film which is--

H.M.JR: Thirty-two millimeter?

MR. PEHLE: It is in great big sheets. It can be cut up. It was bought by the Air Corps. It is very good film and can be used for civilians. We have been selling to Eastman and Agfa who have been junking it and taking the silver off. A lot of it is good. Film will keep indefinitely under proper conditions. Some has been kept that way and some hasn't. What we are trying to work out is this sort of scheme--to get some way to test this. Each strip has to be tested. They are enormous strips and are as big as this table. We take a piece off and take a picture and develop it. All sorts of people want to buy films. We have been talking to General Aniline and Film to get them to do that job, and I want you to know about it. It makes sense in spite of what P.M. is saying about General Aniline and Film. We are using it to provide Government service but we are using it knowing that it is owned by the Government, and I would rather go to them than Eastman with it, and we will develop that. I will let you know about it before we do anything.

I thought you would be interested in some post cards sent to the White House in November which came to us, I think by mistake, about the appointment to the Surplus Property Board and why that represents a victory to Mr. Clayton and Mr. Jesse Jones.

-7-

H.M.JR: May I take a minute now to look at them? They are all from New York.

MR. PEHLE: They are not all from New York. That may be a result of P. M.

H.M.JR: There is one from New Jersey. The rest are from New York, of all I read.

MRS. KLOTZ: No. Pennsylvania and California.

MR. PEHLE: They are pretty scattered and these aren't selected.

Also the War Contract Subcommittee of the Senate Military Affairs Committee just issued a report on surplus property warning against too hasty revisions of the act, but I will raise that in a 9:30 meeting.

POST CARDS ADDRESSED TO WHITE HOUSE

- 1. Hon. Franklin D. Roosevelt, 11-15-44
 White House,
 Washington, D. C.

My dear Mr. President:

After your great progressive victory, please do not let the reactionary Jesse Jones and Will Clayton gang get their hands on the Surplus Property Board and thus jeopardize your plans for the 60,000,000 post war jobs. Continue the good work of your New Deal by giving this important job to our most understanding New Dealer of them all Henry A. Wallace, your and the people's good friend.

Respectfully yours
/s/ Minnie M. Knobloch
615 West 164 St. N.Y.C.

-
- 2. Dear Mr. President: 11-20-44

I am writing to ask you to reconsider your reported appointments to the War Surplus Property Board. The records of men who are so closely associated with Mr. Clayton and Mr. Jesse Jones do not inspire confidence for a job that so vitally will affect post war employment and international relations.

Sincerely,
/s/ William King
1338 N. Spaulding Ave.
Hollywood 46, Cal.

-
- 3. Dear Mr. President: 11-14-44

I want to protest against the appointment of two of Jesse Jones' and Will Clayton's men to posts in Surplus Property Disposal. I think that instead of appointing two it might be good to dismiss two, namely Jesse Jones and Will Clayton. Isn't it about time to "tear the shanties down"!

After all we (are) the people who worked so hard to reelect you and liberal houses won the election, we didn't lose it. Isn't it time we appointed some real liberals to positions of this type?

(continued)

0 (continued)

With best wishes to you and hoping you give this consideration I am

Very respectfully yours,
/s/ H. William Peschel,
532 E. Monastery Ave.
Philadelphia 28, Penna.

4. Dear President Roosevelt:

11-15-44

I have given up hope for the Republican Party and voted for you joyously, as a Liberal.

Now we expect you to do the things that will make you the great President you are and can be.

But this Jesse Jones, Will Clayton as head of the Surplus Property Board doesn't have the right "ring" to our ears as bringing forth the good kind of a world we want and there is deep feeling by thinking, correctly informed people against monopolistic corporation tendencies that are like octopuses, cartels etc.

You will have to fight these and for the majority. But we are behind you. Be a brave warrior for what is right and moral. A better world must evolve.

/s/ Frances Heckman McLaughlin,
North Blenheim, N. Y.

5. Mr. President:

11-14-44

The Surplus Property Board is too vital to be left in the hands of the Jones-Clayton Clique.

Trustingly yours,
/s/ Mr. and Mrs. Lee L. Speranza
156 Lafayette Ave.,
Brooklyn, N.Y.

6. Hon. President Roosevelt- 11-18-44

We agree with Senator Murray in his objection to the 3 pending appointments to the Surplus Property Board. This is important! Let's have 3 Liberals.

Respectfully,
/s/ E. S. Miller
170-25 Highland Ave.,
Jamaica, N. Y.

7. Hon. Sir:- 11-14-44

I would like to see the three following gentlemen appointed to the new "Surplus Property Board."

Mr. Clifford J. Dunn,
Mr. Sumner T. Pike,
Mr. J. B. Hutson.

Very truly yours,
/s/ Harry A. Morris
8916-168 Place,
Jamaica, N.Y.

8. Sir: 11-20-44

A Suggestion

Sell all surplus property at cost plus ten percent. More detail upon request.

Sincerely yours
/s/ Lorenzo Comtey
33 Clark Street,
Newark, N.J.

57
January 3, 1945
4:18 p.m.

Senator
Radcliffe: Hello.

HMJr: Morgenthau, Henry. How are you?

R: Yes. George Radcliffe. Best wishes for a happy
New Year.

HMJr: And many to you, Senator.

R: And tell me just before you -- I know you -- how
is your father?

HMJr: I went up to Baltimore yesterday to ride with him
as far as Washington. He was on his way South and
he was fine.

R: Well, if you happen to think of it, I wish you
would drop him a -- would tell him -- remember me
to him or if I can get his address sometime, I'd
like to write him a note.

HMJr: He'd love to hear from you. He's at Winter Park,
Florida.

R: Winter -- Winter Park?

HMJr: Yeah, Hotel Alabama.

R: Hotel Alabama, Winter Park. Well, I'll certainly
drop him a note.

HMJr: He'd love to hear from you.

R: Well, it'll be a great pleasure to write him.

HMJr: Senator, the President sent up today the name of
Harry White for Assistant Secretary of the Treasury.
He lives in Maryland. He's one of your constituents.

R: Yes.

HMJr: He's been with us since 1934 as a Civil Service
employee.

R: Yes.

HMJr: He's an expert in banking and finance. He's a top
man.

R: Well, now, he sounds like he ought to be a mighty good man.

HMJr: Well, he is and he's been with me, I say, since '34. He's a very loyal public servant and he's indispensable.

R: Well, I should certainly be, on the strength of your wishes and what you say, I should certainly think -- I'll be glad to support him very readily, very gladly. I

HMJr: Now, if you

R: think you ought to have the best man you can get. He's a Democrat, I suppose.

HMJr: He is a Democrat.

R: Where is he from? I don't know him very well.

HMJr: Well, he's like so many of these people that -- he lives somewhere out near -- a place called, I think, Edgemoor.

R: Yeah, he's out in Maryland. But I mean, was he a Marylander by

HMJr: No.

R: You have several Whites with the Treasury Department.

HMJr: No, this is Harry -- he's chief of the Fiscal Section.

R: Yes. I'm trying to place him as to where he came from originally.

HMJr: I think originally he came from Boston if I'm not mistaken.

R: That's my impression. I don't know him so very well.

HMJr: Would you care to have me bring him around and introduce him to you.

R: Oh, well, I'd love to do it, but that's a whole lot of trouble. I don't want you to go to all that trouble.

HMJr: Well

R: I'd be very glad to see him sometime, but that isn't at all necessary because from what I know of him and from what you tell me, that's all I want to know.

HMJr: Well, I'd be glad to have

R: I'd be glad if he'd drop in sometime.

HMJr: Well, if you'll name the time, I'll have him come up and see you.

R: Well, now, I'll -- let me see, I've got to leave here today and I may not be here until about Saturday. I'm not quite sure. Monday would be a good time.

HMJr: Well, what time Monday?

R: Well, what shall we say -- would eleven o'clock be a good time?

HMJr: Eleven o'clock.

R: Yes, now, if that's a time that's convenient.

HMJr: Oh, it is.

R: And it isn't at all necessary. I'd love to have the pleasure of seeing him and talking to him but I don't want him -- for you or himself to go to any inconvenience.

HMJr: Do you want me to bring him up or can he call on you alone?

R: Well, he can call alone. Of course, if I can get a -- trap a visit out of you, why, it's always a pleasure. But I know how frightfully busy you are.

HMJr: Well....

R: And I certainly wouldn't ask you to go to the trouble of coming with him on that case, as much as I'd like -- love to see you.

HMJr: Well, he will definitely be at your office at eleven o'clock Monday.

R: Well, I'll be very happy, indeed, to see him.

HMJr: Thank you.

R: And from what you say and from what I've heard, I'm sure he would make a fine man.

HMJr: He's an excellent man.

R: Well, I'm glad to hear you say that and I'll certainly be glad for him to call.

HMJr: Thank you so much.

R: And the best of the New Year to you.

HMJr: Thank you.

January 3, 1945

I talked to Senator Alben Barkley about Harry White and he said it was all right as far as he was concerned.

January 3, 1945
5:35 p.m.

RE: STATE OF THE NATION MESSAGE

Present: Mr. D. W. Bell
Mr. Gaston
Mr. White
Mr. O'Connell
Mr. Blough
Mr. Haas
Mr. Shere
Mr. DuBois
Mr. Luxford

H.M.JR: Now what?

MR. GASTON: Roy has worked out a substitute for those two pages.

(Mr. Gaston hands the Secretary Attachment A, which he reads)

MR. BLOUGH: It still needs more work.

H.M.JR: Well, it is a lot of words.

MR. BLOUGH. Yes, it is too many words. It needs to be toned down.

H.M.JR: What do you want me to do? Get hold of Judge Rosenman?

MR. GASTON: Yes, there are several other things about the Message--

MR. DuBOIS: The Message, as I read it, lacks substance. Now, there are several suggestions we have here which would be designed to put some substance in it, not too much. I don't see any reason why we couldn't

-2-

try some of these points in there. If the President doesn't like them, he doesn't have to take them.

MR. LUXFORD: They are not suggested from the point of view that the Treasury insists on these points.

H.M.JR: Where the hell did you get in on this?
(Laughter)

MR. LUXFORD: But only from the point of view-- they are only from the point of view that the Judge might think they would improve the speech. The statement he has now is very weak.

H.M.JR: Who has enough umph left to work tonight in case you have to? I don't ask you. (Indicating Mr. Gaston) How about you?

MR. BLOUGH: As long as I don't have to talk.

H.M.JR: I don't think Herbert should.

MR. GASTON: We will first get hold of the Judge and then if he wants to see us tonight--find out whether he wants to.

H.M.JR: The message was that whatever we wanted to do had to be done tonight because they keep changing it, but suppose he said, "I want to see you after supper"?

How do you feel?

MR. GASTON: I would rather see him tomorrow than after supper.

H.M.JR: Well, Joe, how about you?

MR. O'CONNELL: Available for anything. I know very little about this, Sir; I have been doing some other things. I was at the first discussion and then I had to leave and I got back about five minutes before I came in here.

MR. GASTON: If we could make an appointment for tomorrow, fine.

H.M.JR: Our suggestions had to be in tonight.

MR. BLOUGH: It really comes down to this. There are some things that almost have to be changed or the President will be laughed at because they are just wrong.

H.M.JR: Pages forty-four and forty-five.

MR. GASTON: Particularly in those two pages. It starts with the full employment stuff and goes along for a distance with it and then jumps in with this tax debt stuff and then goes back to that, to full employment, leading up to a recommendation that they recreate the National Resources Board.

MR. WHITE: It frequently happens you get an earlier draft and then they have already made changes. They certainly must have altered forty-two and forty-three because it doesn't make sense.

H.M.JR: Can't he, as far as taxes go, more or less say the same thing?

(Secretary holds telephone conversation with Miss Gillegan as follows:

January 3, 1945
5:40 p.m.

65

HMJr: Hello.

Operator: Miss Gilligan. Go ahead.

HMJr: Hello.

Miss Kitty
Gilligan: Yes, Mr. Secretary.

HMJr: Where's the Judge?

G: He's with the President.

HMJr: Is he?

G: Yeah.

HMJr: Well, now, Miss Gilligan, you were kind enough
to send over this message.

G: Yeah, the draft. Uh huh.

HMJr: And we've been working on it all day

G: Yeah.

HMJr: and we've got some suggestions.

G: Uh huh.

HMJr: But we'd like as much time as possible. How
much time can we have?

G: Well, do you have any idea how much you'll need?

HMJr: Well, what we'd like is to get it to the Judge
the first thing in the morning if that's not too
late.

G: Uh huh. Could they -- can you put it in writing
by morning?

HMJr: Oh, yes.

G: Fine. I'm sure that will be all right. They
are working on it, of course.

HMJr: Well

- 2 -

G: The only thing is the sooner they get it, why, the sooner they'll get it in final form.

HMJr: Well, is the Judge going to work tonight?

G: I'm sure they will be. Uh huh.

HMJr: Well, I'll tell you. Our people could do it tonight if necessary but tomorrow morning would be perfect.

G: If they could get it over in the morning.

HMJr: Well, I think they ought to -- they'd like to walk it over and have their day in court so to speak.

G: Uh huh.

HMJr: I'll tell you what you do. When the Judge comes out if he'd call Joe DuBois.

G: Joe DuBois, yeah.

HMJr: Yes, in my office.

G: Fine.

HMJr: And if the Judge says it has to be tonight, why, they'll do the best they can.

G: Yeah.

HMJr: But otherwise if he could see Mr. Gaston

G: Well, the only trouble with that, that makes it rather difficult because, you know, they're having their meetings all day long.

HMJr: Well

G: Like this afternoon. So, I think, maybe if the ones that are working on it could make the changes in writing

HMJr: Well

G: then it would be all ready for them.

HMJr: Well, we'll have that and you're putting up a good fight.

G: (Laughs)

HMJr: But the point is that actually -- that pages forty-four and forty-five, we just want to throw them out entirely.

G: Yeah. Uh huh.

HMJr: And we have substitute drafts but forty-four and forty-five

G: Yeah.

HMJr: we think, are terrible.

G: Uh huh. Fine. Okay, then.

HMJr: And there are other places we'd like to make suggestions.

G: Yeah.

HMJr: But DuBois will stand by for a call so don't forget him because he's got a wife and a couple of kids.

G: (Laughs) Okay. I'll give him a ring when the Judge comes out.

HMJr: And otherwise we'll have something for you in the morning.

G: All right. Fine, Mr. Secretary.

HMJr: Don't forget him now.

G: Oh, I'll give him a ring even if I have to call him myself and tell him they're still in there.

HMJr: All right.

G: Okay.

HMJr: Thank you.

G: All righty. Bye.

H.M.JR: How many children have you?

MR. DuBOIS: Two. (Laughter)

H.M.JR: I didn't know? Did you know?

MR. WHITE: Two. I just found out. I met his wife for the first time.

H.M.JR: I met her.

MR. GASTON: Did you go into that debt thing at all?

MR. DuBOIS: I have something on it, yes.

MR. HAAS: I think that will do you a lot of harm, what we have here.

H.M.JR: Could it do any more?

MR. GASTON: You mean than what is in the thing now?

H.M.JR: It is a good name, isn't it?

MR. GASTON: Do you know the girl?

MR. O'CONNELL: Not very well. She used to be Jim Rowe's secretary.

H.M.JR: I told her forty-four and forty-five smelt.

MR. GASTON: They are not quite alone.

H.M.JR: Herbert is wonderful.

MR. LUXFORD: That is one of the reasons we think we can help a little.

H.M.JR: Some of you youngsters stay around and keep plugging, see?

MR. DuBOIS: Do you want us to try to see him tonight or try to put it off until morning.

H.M.JR: I would like to have a finished job. I would like to have Herbert read it. I would like to have it put off until tomorrow morning, but if it is a question of going over tonight, you fellows go, that is all. Do you mind waiting a little?

MR. BLOUGH: I will wait a little, yes.

MR. WHITE: You, no doubt, will be able to follow a draft to insert at least in those two pages.

MR. GASTON: I hope so, but I think we need to go over it.

H.M.JR: I leave it all to you boys. I have done my bit. I spent my entire day telephoning the White House. That is all I do.

MR. GASTON: Thank you, Sir.

Substitute for pages 4b and 4c - Suggestion 1

Our present tax system geared primarily to war requirements must be revised for peacetime so as to encourage private demand.

While no general revision of the tax structure can be made until the war ends on all fronts, I urge the Congress to grant tax relief at the end of the war in order to encourage capital to invest in new enterprises and to provide jobs. As an integral part of this program to maintain high employment, we must after the war to ever reduce or eliminate taxes which bear too heavily on consumption. Broad markets are needed to sustain high production and employment and so long as consumption is taxed heavily we cannot attain our fullest employment and business opportunities.

Tax reduction after the war will need to be highly selective to achieve the maximum stimulation to private enterprise. It will be a great temptation to all political parties in the years to come to angle for votes by promises to reduce taxes indiscriminately. But indiscriminate reduction of taxes might provide no stimulation to the economy whatsoever and might even strengthen the forces that make for economic stagnation and unemployment. To achieve the best economic results we must avoid both the wrong kind of tax reduction and excessive tax reduction.

We must not overlook the tremendous growth in the public debt growing out of the pre-war depression of the thirties and the war which is still upon us. Despite the growth in our national resources, our technical efficiency, our population and in our potential national income, the cost of servicing this huge debt alone will after the war

amount to approximately as much as was needed before the war to run the entire Federal Government. There will be other huge costs growing out of the war. We will need to discharge our obligations to the valiant soldiers and sailors and airmen and merchant men that are winning the war. We will need to maintain in the military services a larger number of persons than formerly. We cannot look forward to Federal revenues anything like as low as before the war.

Whether we can collect in taxes the amounts needed to meet the Federal expenditures and also collect additional amounts to retire the Federal debt will depend upon how successfully we can design not only our tax system but all our other economic policies, our foreign trade, our social security program, and other domestic programs to achieve high national income and employment. I am confident that with a legislative program specifically directed to strike on all fronts it will be possible to expand our national wealth and income and to raise enough in taxes to achieve a gradual reduction in the public debt. *We*

should make it an important element of national policy to reduce the debt as rapidly as economic conditions permit.

- 3 - 1047

**Joint Statement of Representative Doughton
and Senator George**

The Congressional Joint Committee on Internal Revenue Taxation for Post-War Taxation will be called together some time next week to continue consideration of tax problems relating to the transition and postwar period. The staffs of the Treasury and the Joint Committee on Internal Revenue Taxation will resume the presentation of material growing out of studies which have been carried on since last June at the direction of the Committee. This meeting follows an earlier meeting held just before the recess. The Committee expects to hold frequent meetings in order to be able to deal adequately with these problems at the appropriate time. The meetings of the Committee for the present will be executive and will involve consideration of technical data and material. We are pleased with the progress made thus far, which has been achieved through the close cooperation of the two staffs working as a unit.

Suggestions of the type made by Justice Byrnes, as well as many others, have been under study by the combined

staffs and will be considered by the Committee.

Speaking for ourselves, we see no prospect of any major changes in our tax laws - at best until after the war with Germany. We make no predictions as to what should be done at that time.

The Joint Committee on Internal Revenue Taxation for Postwar Taxation is a non-partisan committee, having equal membership from both parties, and was created for the express purpose of studying and reporting to the proper committees - the Committee on Ways and Means of the House and the Finance Committee of the Senate - suggestions and recommendations relating to tax problems for the transition and postwar period.

January 3, 1945

MEMORANDUM ON THE MURRAY FULL EMPLOYMENT BILL

I. From Treasury's point of view it is important to consider the Murray Full Employment Bill as having two separate and distinct parts, namely:

(1) It commits the Government to a policy of full employment.

(2) It establishes machinery for the purpose of maintaining full employment.

II. These two aspects of the bill should not be confused since the Treasury at this time can very well take the position that it supports the objectives of the bill but needs more time to consider whether the machinery proposed is the best way to achieve full employment. Moreover, we can assure Murray that if we come to the conclusion that the machinery suggested in the bill can be improved upon, we will cooperate fully by giving his Committee our ideas on how to improve it.

III. Detailed Statement of Murray Bill Objectives.

The principles of the Murray Bill are:

(1) That every American able and willing to work has the right to a useful and remunerative job.

(2) That it is the responsibility of the Federal Government to guarantee that right by assuring continuing employment; and

(3) That in assuring continuing full employment, the Federal Government should first endeavor to encourage the highest feasible levels of employment by private enterprise and, to the extent that such measures may not be adequate, to provide whatever volume of Federal investment

and other expenditure as may be needed to assure continuing full employment.

IV. Detailed Statement of Murray Bill Machinery.

The Murray Bill proposes the following machinery for carrying out the policy of full employment:

It would direct the President to submit annually to the Congress a National Production and Employment Budget for the ensuing fiscal year or years, to be known as the "National Budget", in which would be included data concerning the number of jobs needed to assure continuing full employment, the estimated dollar volume of the gross national product required to provide such jobs, the estimated volume of public and private investment and other expenditures necessary to assure a full employment volume of the gross national product, and the estimated prospective volume of public and private investment and expenditure. To the extent that prospective public and private investment and expenditure were found to be less than that necessary to assure full employment, the President would be required to set forth a general program for encouraging increased non-Federal investment and other expenditure, particularly such investment and expenditure as may produce increased employment in private enterprise, together with any necessary legislative recommendations. Such a program might include, but need not be limited to, the presentation of current and projected Federal policies and activities with reference to, among other enumerated matters, banking and currency, foreign trade and investment, taxation, and social security. To the extent that increased non-Federal investment and expenditure resulting from such a program should be expected to prove insufficient to provide a full employment volume of the gross national product, the President would be required to submit a special public investment and expenditure program sufficient to close the gap.

The proposal would charge the Bureau of the Budget with the responsibility of preparing for the President, with the cooperation and assistance of the several departments and agencies, the information, estimates, and programs called for in the National Budget. It would also establish a Congressional Joint Committee on the Budget which would be directed to study the information and estimates transmitted by the President to the Congress in both the regular budget and the national production and employment budget and to submit its recommendations as to a general policy on the total volume of Federal expenditures and other investments, the total receipts collected from taxes and other revenue, and the volume of borrowings or debt retirement for the purpose of serving as a guide to the individual committees of Congress dealing with such subjects.

RR



TREASURY DEPARTMENT
FISCAL SERVICE
WASHINGTON 25



OFFICE OF
TREASURER OF THE UNITED STATES

IN REPLYING QUOTE INITIALS A-450-AC

January 3, 1945.

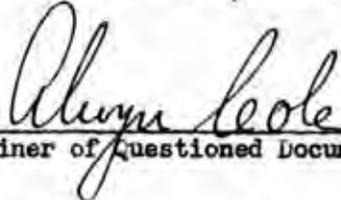
MEMORANDUM FOR MR. GASTON:

Under recent date there were submitted to me for examination two typewritten pages described as follows:

- A. A typewritten letter dated December 2, 1944 addressed to Honorable Henry Morgenthau, Jr., beginning "I have been asked" and ending "are not checked." (Book 805, p. 271)
- B. A unit of typewritten matter bearing the date November 14, 1944 beginning "Your statement that the English" and ending "Germany will disappear." (Book 805, p. 273)

I have made a careful examination and comparison of the typewriting of documents A and B and as a result of this study it is my opinion that both were prepared on the same typewriter. Type designs and type sizes are identical. The ribbon color and ribbon condition are the same for both pages. The ribbon is coarsely woven, heavily inked, and the ink contains a large quantity of blue dye-toner. The latter condition creates the peculiar effect of two separate impressions in each character, one in black and the other in blue. Notwithstanding its generous quantity, the ink does not flow properly in the ribbon so that some parts of typed characters are almost blank, and thus give the false impression of a type scar. These features are not commonplace in typewriter ribbons and may be regarded as important points of identity between the two pages. On both pages most type has a tendency to print heavy on the left. There is no clear record of type scars, and if any exist it is to be expected that their presence would be concealed or made uncertain by the ribbon condition. Nevertheless, it is felt that the identity of the typewritten pages in other respects justifies the belief that both pages were prepared on the same machine.

The two documents described above are returned herewith.


Examiner of Questioned Documents.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE,
Wednesday, January 3, 1945.

Press Service
No. 44-58

The Treasury Department today announced the relaxation of its restrictions on the movement of United States currency between Mexico and this country. Hereafter, persons crossing the Mexican border will be permitted to carry United States currency in bills of denominations of \$20 or less.

This action was taken after consultation with the Mexican Government, which is issuing a similar announcement.

Mexican controls over the importation of currency from countries other than the United States will be relied upon to prevent Mexico from becoming a channel for the disposition of looted United States currency. The joint Mexican-United States restrictions on the movement of currency between the United States and Mexico continue to apply to bills of denominations of \$50 or higher. Treasury restrictions on the importation of currency into the United States from foreign countries other than Mexico remain unchanged.

This modification is in line with the policy of the Treasury Department to relax its wartime restrictions over international financial transactions as rapidly as conditions permit.

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U. S. SECRET SERVICE
INTER-OFFICE COMMUNICATION

Jm Feb -

From SA M.F.Reilly PLACE White House DATE Jan. 3, 1945 FILE 16-
To Chief PLACE Washington, DC SUBJECT Speakers Stand
ATT: Mr. Maloney

For your information, the speakers stand which was constructed by the IBM Corporation and presented to the President through the Secretary of of the Treasury by Mr. Thomas Watson, President of the IBM, was inspected by the President on January 2, 1945.

I demonstrated to the President the protective and mechanical features of the stand and the President was apparently very pleased with its construction.

We contemplate using the stand on Inauguration Day. Mr. William D. Hassett, Secretary to the President has agreed to address a letter to Mr. Watson expressing the President's thanks for the stand.

Secret 2
Treasury 1
RECEIVED

JAN 3 1945
CHIEF'S OFFICE

M. F. Reilly
M. F. Reilly,
Supervising Agent.

THE SECRETARY OF THE NAVY
WASHINGTON

January 3, 1945

Dear Henry:

Thank you for your letter of January 1 about Lieutenant Commander Courtney. I have taken the liberty of forwarding it to him after which it will be made a part of his Navy record.

Sincerely yours,

A handwritten signature in cursive script that reads "Forrestal".

James Forrestal

Hon. Henry Morgenthau, Jr.
The Secretary of the Treasury

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

TO Secretary Morgenthau

FROM Mr. White *JHW*

Pleven has just furnished Hoffman in Paris with information to the effect that the wife of Frank Jay Gould is participating in the establishment of a bank in Monaco for the purpose of cloaking collaborationist and German assets.

This bank (Banque J. E. Charles and Cie.) was organized in July 1944, capitalized at 150,000,000 francs. The capital allotment was evenly divided between German, French, and American interests. According to Pleven the American interest is represented by Mrs. Gould, the wife of Frank Jay Gould, who has already taken up 5,000,000 francs of the American allotment. The German participants include August C. Gausebeck, former President of Robert C. Mayer and Company, Inc., a German banking firm in this country whose stock has been vested by the A.P.C. Gausebeck was repatriated in May 1942 to Germany but in July 1943 was reported to be residing in Paris. The French group includes William Charles le Cesne, a French industrialist.

Frank Jay Gould, now 67 years of age, is the only surviving son of the spectacular financial operator, Jay Gould, who tried to corner the gold market in 1869. His present wife, Florence La Caze Gould, is his third. They were married in 1923 and have not resided in the United States for many years. Our records indicate that they have resided in France since the Franco-German armistice and that Frank Jay Gould made at least one trip to Switzerland in the summer of 1940. The assets of the Goulds in this country, amounting to somewhat over \$20,000,000, are blocked and a special watch has been placed over them.

We feel that Americans who are involved in deals of this type should not be protected by this Government from punitive measures the French might take against them. If you agree we will notify Mr. Hoffman that this should be our Government's position on this matter.

I Agree: *JHW*

1/23/45

1/3/45

82 ✓

PUBLIC STATEMENTS CONCERNING
THE DURATION OF THE WAR

SUMMARY



SUMMARY OF PUBLIC STATEMENTS
CONCERNING THE DURATION OF THE WAR

1. President Roosevelt has refused to make any prediction. His only public statement on the progress of the war was included in his budget message of January 13, 1944 when he said that the period of the budget (ending June 30, 1945) would see "decisive action in this global war."

2. Prime Minister Churchill said in February of 1944 that he had never taken the view that the end of the war in Europe was at hand nor that the year 1944 would see the end of the European war. Following the Allied invasion of France, however, he said, in June of 1944, that the summer months of 1944 might bring "full success"; and in July, that Germany could be knocked out of the war "earlier than we have a right to say." He reversed himself in October 1944, saying he could not predict, still less guarantee, the end of the German war before the spring or even early summer of 1945. Most recently, on November 12, 1944, he has said "Germany may be beaten in six months."

3. Secretary Morgenthau has consistently emphasized that the war against both Germany and Japan would be long and hard. He has on numerous occasions warned against optimism and has chided the American public for greeting every military success with a prediction that the war would be over soon. He has consistently refused to predict when the war would end.

4. General Eisenhower and other military leaders have all predicted that the European war would end in 1944. In August of 1944, General Eisenhower reiterated his prediction, originally made in December, 1943, saying the European war could be won in 1944, provided everyone on the battle and home fronts did his duty to the full.

5. Administration leaders, with the exception of Undersecretary Robert P. Patterson, have been uniformly cautious in their public statements. Secretary Knox, Secretary Jones, Mr. James F. Byrnes and Mr. Harry L. Hopkins all said during 1943 that upwards of two years more might be necessary for complete victory. Undersecretary Patterson, on the other hand, after referring to General Eisenhower's predictions, said on August 31, 1944 that he was confident victory over Germany would be won within the succeeding four months.

- 2 -

6. Foreign statesmen, such as Mr. Eden, Prime Minister Smuts of South Africa, Dr. Benes of Czecho-Slovakia, and Sun Fo, President of the Chinese Legislative Yuan, have predicted the end of the war in 1944. Mr. Eden, in August of 1944, spoke of the possibility of a German military collapse in mid-September of 1944.

7. Statements by certain Members of Congress have in general reflected military opinion. Senators Vandenberg, McKellar, Thomas of Oklahoma, Wagner, and Downey, and Representatives Woodrum, Cannon, and Wilson of Indiana, have all publicly stated their expectation of victory over Germany in 1944.

8. Certain business and industrial leaders, such as Paul G. Hoffam and Galen Van Meter of the Committee for Economic Development; Robert H. Wells, management consultant; Charles Francis of General Foods Corporation; members of the Expert Managers Club of New York; and Henry Ford, have publicly voiced predictions that the war with Germany would end in 1944.

9. Other public persons, including Professor A. B. Hart, Emil Ludwig, and Dr. Stephen Wise have expressed the belief that 1944 would see the end of the European war.

PUBLIC STATEMENTS CONCERNING THE
DURATION OF THE WAR

STATS

PUBLIC STATEMENTS CONCERNING THE DURATION OF THE WAR

(1) Secretary Morgenthau

Secretary Morgenthau has consistently emphasized that the war against both Germany and Japan would be long and hard. He has on numerous occasions warned against optimism and has chided the American public for greeting every military success with a prediction that the war would be over soon. He has consistently refused to predict when the war would end.

On August 25, 1943, Secretary Morgenthau told the National Negro Business League in Baltimore that "this people's war is far from finished. Still before us are the toughest, bitterest, most punishing battles of all."

In September of 1943, immediately after the Italian surrender, he stated at a "Back the Attack" war show that the war was only beginning. He pointed out that only a few German troops had been engaged in North Africa and in Sicily, and then warned that the coming campaign in Italy would be much harder. "Months from now, this winter or next spring, when and if we conquer the whole of Italy, we will still be nowhere near Germany. We will still have a long way to go," he said.

In a joint broadcast with General Eisenhower in Algiers on October 23, 1943, Secretary Morgenthau dwelled at some length on the subject and gave numerous reasons why the war could not come to an early conclusion. "Make no mistake; it will be a long, long way to final victory and the road will continue to be rough," he said. At a bond rally in New York on January 20, 1944, he observed that the army in Italy had been able to make but fifteen miles of progress even with the most magnificent fighting on the part of the Allied troops. On a similar occasion, October 7, 1944, while recognizing the heartening news from the western front, he warned that military and naval authorities had asserted that it would take at least a year and a half more to beat Japan after Germany was defeated. He repeated this warning on October 12 in New Orleans and on October 14 in Los Angeles.

(2) Prime Minister Churchill

The record shows that Prime Minister Churchill's public statements concerning the duration of the war have, like many others, been influenced by the military events following the invasion of France. Prior to the invasion, his statements were fairly conservative. In August of 1943, he emphatically denied a statement published in the newspapers of Quebec and London which had quoted him as saying the war would be over by Christmas of 1943. In February of 1944, he told Commons that he had never taken the view that the end of the war in Europe was at hand nor that the year 1944 would see the end of the European war. On the contrary, he emphasized that Germany was still powerful and that his information showed that the Nazi party and the generals had decided to hang together. He added that the fighting quality of the German troops was high.

Following the successful invasion of France, however, Prime Minister Churchill took a more optimistic view. In June, while speaking at the Mexican Embassy in London, he said that the summer months of 1944 might bring "full success to the cause of freedom." In July, he told British airmen in Normandy that Germany could be knocked out of the war "earlier than we have a right to say."

During the period of consolidation of gains on the western front, Mr. Churchill's predictions have again become conservative. In October of 1944, he told Parliament that he could not predict, still less guarantee, the end of the German war before the spring or even early summer. However, his most recent statement, on November 12, 1944, was to the effect that although he understood the French desire to play the greatest possible part in the war "we cannot prolong the war just for this, as Germany may be beaten in six months."

(3) Military Leaders

Of the many persons making predictions on the duration of the war, military leaders have spoken with the greatest assurance and have displayed the most optimism. Almost uniformly, leaders in this category have chosen the year 1944

as the year in which the war with Germany will end. In general, however, military leaders have not voiced any prediction concerning the termination of the war with Japan. It should be noted that predictions by other persons have to some extent been based on the predictions of military leaders.

The most notable prediction by a military leader was that of General Eisenhower made in Algiers on December 27, 1943. At the time General Eisenhower predicted that the Allies would win the European war in 1944, provided all on the battlefield and home front did their duty. He stood by this prediction as late as August 31, 1944. General Eisenhower's December 1943 prediction constituted a rather sharp reversal of an attitude expressed only a few months earlier when, in a broadcast with Secretary Morgenthau in Algiers, he spoke of a "hard war, a bitter bloody war," and warned that victory was "a long, long way" ahead.

Admiral William Halsey, on January 2, 1943, predicted a victory for the United Nations in 1943 over both Germany and Japan. This prediction was retracted in December of 1943 at which time Admiral Halsey indicated that he was not sure when the war would be over. His first prediction was widely discussed in the press and was cited as authority for an early end of the war throughout 1943.

Admiral Ernest J. King, Lt. Gen. H. H. Arnold, Lt. Gen. Mark W. Clark and Admiral Harold R. Stark have all predicted that the war with Germany would be over in 1944. General Sir Bernard L. Montgomery, in July and September of 1944, was emphatic in his belief that the war would end in 1944, saying "There is no doubt about it. No human power can stop the utter and complete defeat of the remnants of the German army."

Vice Admiral Frederick J. Horne and Major General Levin Campbell have been somewhat more conservative. Admiral Horne, in July of 1943, refused to make a prediction but said that the Navy was planning for a war against Japan which would last until 1949. Major General Campbell believes that the war against Germany will last into 1945.

Other military figures, such as Lt. Gen. De Wiart, Prime Minister Churchill's special military representative in Chungking; Baron Keyes, Admiral of the British Fleet; Brig. Gen. Leonard Ayers and Major General Claire L. Chennault have stated that victory over Germany would come in 1944. During September of 1944, the Associated Press reported that soldiers and officers of the Third Army in France believed that the war would be over in two or three weeks.

(4) The Administration

Statements of members of the administration are in striking contrast to those of military leaders in that they are uniformly more conservative. With but one exception, administration spokesmen have been of the opinion that the war would be long and stubbornly fought and have criticized those who made optimistic predictions. They seem to be agreed that the war with Germany will last far into 1945, with a possible victory over Japan coming as late as 1946.

President Roosevelt's only prediction concerning the progress of the war, if it may be regarded as a prediction, might be implied from his budget message of January 13, 1944, in which he referred to the period as "a period which will see decisive action in this global war." The budget was for the fiscal year ending June 30, 1945. When informed of a prediction by Representative Woodrum that the war was scheduled to end on October 1, 1944, the President refused to make a prediction and observed that he was the only man who had not expressed an opinion. On February 23, 1944, he expressed agreement with Prime Minister Churchill's statement to the effect that no guarantee could be given that the war would end in Europe in 1944.

The prediction of Robert P. Patterson, Under Secretary of War, stands out as the single prediction by a member of the administration that the war will end at an early date. On August 31, 1944, after a tour of the French and Italian battlefronts, Mr. Patterson voiced his confidence that victory over Germany would be won within the next four months. Mr. Patterson's prediction made reference to General Eisenhower's prediction of December 1943.

Secretary Jones, Secretary Knox, Mr. James F. Byrnes, and Mr. Harry L. Hopkins all took occasion during 1943 to say that upwards of two years more may be necessary for complete victory. During 1943, both Charles E. Wilson, Executive Vice Chairman of the War Production Board, and Donald J. Sterling, consultant to Donald M. Nelson, predicted a long war and warned that the national economy must be adjusted accordingly. William T. Stone, Foreign Economic Administration analyst, however, after reviewing the effects of Allied bombings in Germany, stated that Germany should be in a "nearly hopeless position" by the end of 1944 and that there was a substantial certainty of defeat for Germany in 1945 if not in 1944.

(5) Foreign Statesmen

With one or two exceptions, representatives of the British Commonwealth, other than Mr. Churchill himself, have expressed the belief that the war with Germany would end in 1944. Mr. Eden, in August of 1944, said there was a possibility of a German collapse in mid-September. Lord Halifax predicted in April of 1943 that the end may come more suddenly than was thought six months previous. Vernon Bartlett, British M. P., on April 26, 1943, chose the middle of 1944. Prime Minister Jan Christiaan Smuts of South Africa has frequently reiterated a prediction that the war would be over by the end of 1944. Prime Minister Peter Fraser of New Zealand and Prime Minister McKenzie-King of Canada have been more conservative, McKenzie-King observing in February of 1944 that the war might be prolonged for years, and Fraser predicting that the war with Japan might end as late as 1946.

General Charles de Gaulle has warned that the European war should not be expected to end before the spring of 1945. General Giraud, on the other hand, predicted in May of 1943 that the European phase of the war would end in 1944.

Dr. Benes of Czechoslovakia said in May of 1943 that the war in Europe would be over within a year, to be followed by victory over Japan soon afterwards. King Haakon of Norway predicted in 1943 that a year would elapse before Norwegians could return to Norway. Chiang Kai-shek has set the middle

of 1945 as the date for final victory over the Japanese, while Sun Fo, President of the Chinese Legislative Yuan, and Major General Pao Kai, thought in September of 1943 that the war would end in Europe in 1944.

(6) American Congressmen and Other Political Leaders

The predictions of members of Congress and other American political leaders may in general be taken as a reflection of the opinions of military leaders.

Senators Vandenberg, McKellar, Thomas of Oklahoma, Wagner and Downey have all expressed a belief that the war would be over in Europe in 1944. Senator Russell, however, after returning from his tour of the American war fronts in 1943, said that although Germany might crumple "any day," the war in the Pacific would not end until sometime in 1945.

Representative Woodrum, Chairman of the House Post-war Military Policy Committee, said on August 25, 1944, that October 1, 1944, was the Army's "tentative date" for finishing the job against Germany. Representative Cannon of Missouri told the House in June of 1944 that we could expect a collapse of Germany by September and surrender by Christmas. Representative Earl Wilson of Indiana reported in June of 1943 that October of 1944 was the average date selected by 140 members of the House. Chairman May, of the House Military Affairs Committee, predicted capitulation of Germany by December 1, 1944. House Majority Leader McCormack, however, has warned against optimism, saying that responsible political leaders should not build up expectation of an early peace.

Joseph E. Davies and Mayor La Guardia have suggested 1944 as the year of victory, while James A. Farley early in 1943 predicted that Germany would be beaten by the end of 1943.

(7) Business and Industrial Leaders

Paul G. Hoffman and Galen Van Meter, of the Committee for Economic Development, said in November of 1943 that the termination of the war in Europe would come "sooner than any of us had a right to expect a few months ago" and predicted that

termination of the war in Europe would present 80% of the problems of total peace. Hoffman asserted that a one-third increase in the productivity of 1940 could be attained after a victory in Germany if there was proper cooperation between government, business, and agriculture.

Robert H. Wells, President of Corrigan, Osborne and Wells, Inc., management consultants, in November of 1943, chose the winter of 1944 as the end of the war. B. B. Geyer, a New York advertiser, thought in April of 1943 that Germany should be defeated by October of 1943 and Japan by November 1, 1944. Charles Francis, of General Foods Corporation, in June, 1944, predicted victory over Germany in 1944 and Japan in 1945. Henry Ford, in March of 1944, thought the war would be over in two months.

A survey of the Export Managers Club of New York is reported by Fred Lehn of Underwood Elliott Fisher Company to indicate that a number of American exporters believed in 1943 that the war in Germany would be over in 1944 and in Asia in 1945. Various speakers before an American Marketing Association luncheon in March of 1943 chose April, 1944, July, 1944, the fall of 1944, and some time in 1945 as the dates when the war would end.

(8) Other Public Persons

Leon Henderson chose January of 1945, making specific reference to a military opinion. Captain Rickenbacher and H. V. Kaltenborn have been uniformly pessimistic, choosing 1946 and later. Emil Ludwig and Dr. Stephen Wise chose 1944. Professor A. B. Hart of Harvard thought in January of 1943 that two years would be needed to defeat Germany. Other predictions by persons in this category have ranged from late 1943 for the defeat of Germany to 1946 for the defeat of Japan.

Raymond Moley, speaking at a meeting of the American Association of Advertising Agencies, thought on November 5, 1943, that the end of the war would come earlier than the administration expected.

APPENDIX

APPENDIX

APPENDIX

TEXT OF STATEMENTS CONCERNING THE DURATION OF THE WAR

1. Secretary Morgenthau

Address delivered before the 43rd annual meeting of the National Negro Business League, Baltimore, Maryland, August 25, 1943:

* * *

"But fighting the war through to complete victory is a big order - much larger than it may seem at the moment. This people's war is far from finished. Still before us are the toughest, bitterest, most punishing battles of all. There are millions of tough, experienced enemy troops we have not yet met, killed or captured, thousands of enemy planes we have not yet shot down, hundreds of enemy ships that we have not yet sunk. We must not make the mistake of underestimating the fighting power of our enemies."

Address delivered at the Army's "Back the Attack" War Show on the Washington Monument Grounds, September 15, 1943:

* * *

"We don't like war. Who does? Except the Germans and the Japanese! But, because we don't like war, too many of us behave foolishly.

"At the slightest excuse, we throw our hats into the air and yell 'Three cheers for our side.! Given the slightest encouragement, we decide that the War is over.

"When we were cleaning the Germans out of North Africa, we were as proud as though the war were already won. The fact is that the British did as much as we did, if not more. And at the most, in North Africa, the United Nations' forces engaged no more than 15 German Divisions. The Russians are fighting 200.

"When we beat the Germans in Sicily, we cheered again. The war was practically over, again. Well - Sicily was only an outpost held by two or three German divisions. The Italians hardly fought back. Yet, again, with British help, it took us a full month to conquer Sicily. And, as I say, in certain types of equipment we lost half of the weapons we put into the battle.

"A week ago, Italy surrendered. We did the same thing all over again. The war was won. We could stop drafting soldiers. We could stop producing weapons. We could reduce taxes. Everybody could sit back and take it easy.

"Well, you've seen the newspapers today. We are holding, around Naples, but we are just barely holding, with tremendous loss of life. In a hard week of fighting we have managed to gain only a small foothold in Italy. Today the situation is critical. In any event, we still have to drive north about 500 miles, with the Germans fighting every inch of the way. At the very least, it will take months. And, months from now, this winter or next spring, when and if we conquer the whole of Italy, we will still be nowhere near Germany. We will still have a long way to go.

"Let us stop this foolish, childish, over-optimism and over-confidence. It is criminal. It is criminal because every time we decide the War is won, we sign a death warrant for another thousand, or two thousand, or five thousand American soldiers and sailors.

* * *

"This is the beginning of the War, as far as the United States is concerned - this attack we are launching in Italy. These next few weeks and months will bring losses of life and material that will shock and stagger us.

"Let us make up our minds now that this Third War Loan will not be the last. There will be a Fourth War Loan, and a Fifth and a Sixth."

Addresses of Secretary Morgenthau and General Eisenhower, broadcast from Allied Headquarters in Algiers, October 23, 1943:

* * *

"This is a hard war, a bitter and bloody war. Those who are where the guns are firing and the bombs dropping face a tough and vicious and treacherous enemy.

"Make no mistake; it will be a long, long way to final victory and the road will continue to be rough. Our men know it. They are ready for it, but they want to be always sure above all else that the home front stands firmly behind them. They want to know that the folks at home keenly realize that we are all in this together, fighting for our right to lead a free existence." (Eisenhower)

* * *

"Winter is coming, and bad weather will further complicate this battle. That is why I am more sure than ever that the day of final victory is a long way off and the fighting will be tough and bloody.

* * *

"Don't let us fool ourselves for a minute by underestimating the fighting quality of the enemy * * * "
(Morgenthau)

Address before the annual convention of the Association of National Advertisers at the Hotel Commodore, New York City, November 18, 1943:

"The dangerous dream of a quick end to this war grows more serious every day. It is particularly pressing right now. On every hand we see a surge of activity to prepare for postwar, sometimes at the expense of the vital job at hand. The stock market has been in a steady decline ever since word first got around that the Nazis are about to crack. The newspapers regularly report new signs of the coming collapse of Germany. In Washington the exodus to after-the-war jobs has started in earnest.

"No one in Washington can give me any concrete evidence that Germany is tottering on the brink of capitulation - and I have sought out practically everyone who would have any reason to know. And I can tell you that on the Italian front the Nazi troops are not near cracking.

"It is always possible, of course, that the people of the Nazi home front will be unable to take the bad news from Russia or the terrible destruction our bombs are raining upon them.

"But if the Nazi home front should crack, that could be a wind-fall. In the meantime, we are only playing Hitler's game when we see peace just around the corner.

"I am convinced, by the way, that the Nazis have a proprietary interest in this wave of optimism. The early signs of German collapse came from stories printed in Nazi-controlled newspapers; then from travelers out of Germany, who reported their observations to neutral newspapers, chiefly those with pro-Nazi tendencies. Finally, Hitler himself managed to convey the impression in his most recent speech that life in Germany is hell. I cannot think that he and Mr. Goebbels would be so tender about keeping us posted of a coming crisis unless there is a rabbit in the hat somewhere.

- 5 -

"Those who hail an early crack-up of the German nation have not talked to German prisoners, I can assure you of that. I had some first hand reports on the state of mind of prisoners when I was in Italy. They are mighty arrogant.

* * *

"This is one reason why we must concentrate on fighting the war right up to the last bitter day. There is a good chance that letting down now can needlessly prolong the war for weeks and months.

* * *

"Since I left Dragoni, the Allied Armies have managed to get fifteen miles closer to Rome. Five bloody, hard-earned miles a week, that's all. But it isn't the fault of our fighting men. They've got what it takes to lick the Nazis, man for man. They are tough and in the pink of condition. The fact is that no army in the world could move any faster.

"And that's the picture on the Italian front while we, back here, are congratulating ourselves on polishing off the war in a hurry.

* * *

"But now the winter is here, and the weather is closing in. Jimmie Doolittle and Air Marshal Tedder cannot send airplanes anywhere, at any times, on a moment's notice, as they did this summer. Is there any promise of early peace about that?

"Or, can you find hope of quick victory in the fact that the Allies have still not crossed that narrow ditch called the English Channel, for the simple reason that the other side is lined solidly with sudden death? Can anyone really think it is going to be easy to bring Germany to her knees in unconditional surrender while her troops are planted within gunshot of Great Britain?

"But because the Nazis promise, through their propaganda bureau, to fold up; and because we'd like to get on with the peace, too many of us are getting eager to sidetrack the main job.

* * *

"When I returned from the front early this month, I still felt sure we would win but I felt far more grim about the war than I did a year ago. I had an opportunity to discuss the actual fighting and the nature of our enemy with many American and British officers and men. I was given a pretty clear idea of the heroism required of our men when they face the tough, fanatic Nazis, and as a result I achieved a healthy respect for the blood and sweat that goes into every foot of enemy ground we take. And I found no evidence anywhere along the line that we are near the end, unless the end, should come through some freak of circumstance.

* * *

"Yes, it is conceivable that the Germans can't take it. It is possible that the same thing will happen that happened the last time. We may be awakened some morning by whistles and bells and newspaper boys selling extras.

"But it is also possible that we can waste a great deal of precious time thinking about that morning, and we can divert a great deal of our precious energy into making ready for it, and then find that it shows no signs of coming. And in the meantime, good American young men are losing their lives trying to end the war the hard way, because they have no choice except to do it that way, or not at all."

- 7 -

Address delivered at Bond Rally, Netherland-Plaza Hotel,
January 20, 1944:

* * *

"One of the should I say 'hurdles' that you and I have to face is the thought that the peak of production is over and 'everything is in the bag.'

"Well, I have two bits of evidence which prove to the contrary. I think it is about three months ago that I had the rare opportunity to go to the front in Italy. Three months have passed and through the most magnificent fighting on the part of the Allied troops I think General Clark has been able to go forth about 15 miles, which gives you some idea of the kind of fighting that we are up against, once we really get to fighting."

Address at a War Bond Rally, Hotel Claridge, Atlantic City,
October 7, 1944:

"When you enlisted in this program, you enlisted for the duration. The term of your service has not yet reached its end. The truth is that the toughest part of your job still lies ahead.

"Let us look at the future realistically. The war news of late has been extremely good. The enemy in Europe is on the run. How soon he will collapse, none of us can tell. But even when that great day comes, there will still be a hard and costly victory to be won in Asia. Our military and naval authorities made the grim assertion just recently that it will take us at least a year and a half to defeat Japan after Germany is beaten. And we shall be able to do it in that time only if we put every bit of our strength into the effort. The enemy has short, interior lines of communication, while we must move men and materials across the vast distances of the Pacific before we can bring our power to bear. The costs of this kind of warfare will certainly be very high, higher even than they were in Europe.

"You cannot rest on your laurels. The Sixth War Loan campaign lies immediately ahead. Its challenge must be confronted just as resolutely as in the past. And I tell you frankly that even on the most optimistic assumption there will have to be a Seventh Loan. Your job is to make the people of America understand that there can be no let-down on the Home Front now, that the time has not yet come to relax or celebrate. I know that America can count upon you to see your job through to its end."

Address at a War Bond Rally, Hotel Roosevelt, New Orleans, October 12, 1944:

"But the kind of postwar world which we desire must still be hacked from the enemy on the fields of battle. The time has not yet come for us to indulge in day dreaming or celebration. I am not going to offer any predictions about the end of the war in Europe. I should like to remind you, however, that much more competent military authorities than I have declared that even after the European war is won it will take us at least a year and a half to subdue our enemy in the Far East. The war that faces us there is bound to be a long and tough and costly one - in certain respects more costly than the war against Germany."

Address at a War Bond Rally, Hotel Biltmore, Los Angeles, October 14, 1944:

"I am no prophet as to the duration of the war, but today we are hopeful that unconditional surrender by Germany may not be far away. At such time all eyes will turn to the West. The eleven states represented at this meeting will take on new importance in the war. The Pacific coast will become the springboard for the all-out offensive against Japan.

* * *

"These people must understand, as you do, that the time has not yet come to relax or celebrate, that we must speed weapons and supplies far across the

Pacific to our armed forces who know full well that a hard fight still lies ahead before they can bring us victory over the Japanese - and these weapons and supplies must be paid for. That is our task - I know America can count upon you!"

2. Prime Minister Churchill

On August 16, 1943, Churchill issued an emphatic denial of a statement published in newspapers in Quebec and London that while in Quebec he had said he believed the war would be over by Christmas of 1943. The report arose on the basis of an off-the-record speech he had made in French to members of the provincial cabinet in Quebec. (New York Times, August 17, 1943, p. 5, col. 6)

On February 22, 1944, Churchill, in a speech before the House of Commons declared that although the United States, Britain and Russia would remain as united now as they were at the Moscow and Terehan conferences, they might not even with all their strength and all their unity be able to defeat Germany in 1944. He said that despite the terrible pressure of war on three fronts and the defeat of the U-boats the Germans still had 300 loyal and efficient divisions. He said:

"I have never taken the view that the end of the war in Europe is at hand or that Hitler is about to collapse and I have certainly given no guarantee, or even held out any expectation, that the year 1944 will see the end of the European war, nor have I given any guarantee the other way.

"On the whole my information--and I have a good deal--goes to show that Hitler and his police are still in full control and that the Nazi party and the generals have decided to hang together * * * . The fighting quality of the troops is high."
(New York Times, February 23, 1944, p. 1, col. 8, p. 10, col. 1)

On March 18, 1944, Churchill expressed the hope that the war in nearly every theater would reach "decisive stages this year." (New York Times, March 19, 1944, p. 26, col. 3)

Churchill is reported by an editorial of June 20, 1944, in the New York Times to have said while speaking at the Mexican Embassy in London that although the execution of the invasion plan is still far from complete, it is nevertheless being steadily unrolled, with the result that "the months of this summer may, by the victories of this Allied campaign, bring full success to the cause of freedom." The editorial notes that "it is significant that, though the speech was made on June 15, it was not released for publication till yesterday (June 19) after the American encirclement of Cherbourg, whose fall will provide the Allies with a base from which they can unfold their full power." (New York Times, June 20, 1944, p. 18, col. 1)

On July 1, 1944, in a letter to the New York Times, Ernest Angel, President, Council for Democracy, makes reference to a prediction by Churchill that the war may end this Fall. (New York Times, July 5, 1944, p. 16, col. 6)

In a dispatch to the New York Times of July 24, 1944, a Times writer in Washington discusses a remark made by Churchill to British airmen in Normandy on July 23 to the effect that Germany can be knocked out of the war "earlier than we have a right to say." The dispatch observed generally that Churchill's remark if it meant that the war would end soon, does not square with military opinion in Washington. He noted, however, that Churchill was obviously in possession of more information than other observers. (New York Times, July 25, 1944, p. 3, col. 5)

On September 28, 1944, Churchill warned the House of Commons not to "bank too heavily on finishing the war with Germany this year." Several months of 1945 may be needed to finish the job of smashing the Reich, he said, warning that even then the Allies may find it necessary to announce the termination of the war with the German state and deal with the enemy still resisting as guerillas and war criminals. He said:

"I deprecate very much people being carried away into premature expectations of immediate cessation of fighting. It is very hard not to be when each

day the papers are rightly filled with news of captures of important places and the advances of the army. But there is still a great deal to do in a military sense * * *. I shall certainly not hazard a guess--it could be no more than a guess--as to when the end will come.

"Many persons of the highest technical attainments, knowledge and responsibility, have good hopes that it will all be over by the end of 1944. On the other hand, no one--certainly not I--can guarantee that several months of 1945 may not be required."
(New York Times, September 29, 1944, p. 1:3, p. 14:5, p. 20:1)

On October 31, 1944, Churchill told Parliament that it seemed difficult to believe that the war against Germany could be ended before Christmas or even Easter. "I certainly cannot predict, still less guarantee, the end of the German war before the end of the spring or even early summer," he said. On the basis of this prediction, he asked and received an extension of the life of the present Parliament for an additional 12 months.
(New York Times, November 1, 1944)

On November 9, 1944, while speaking at a luncheon of the Lord Mayor of London, Churchill observed that "no one can be blamed, provided he does not slacken his or her efforts for a moment, for hoping that victory may come to the Allies and peace may come to Europe in 1945." (New York Times, November 10, 1944)

On November 12, 1944, after conferring with General de Gaulle, Mr. Churchill said that he understood the French desire to play the greatest possible part in the war but added "of course, we cannot prolong the war just for this, as Germany may be beaten in six months; but we shall do all we can to enable France to make the greatest possible effort in the war."
(New York Times, November 13, 1944)

3. Other Public Figures

(a) Military Leaders

General Eisenhower, in Algiers, on October 23, 1943, in a joint broadcast with Secretary Morgenthau said that "this is a hard war, a bitter bloody war. Make no mistake, it will be a long, long way to final victory over a bitter, rough road. Our men know it, and are ready for it, but they want to be assured above all else that the home front is behind them." (Washington Post, October 24, 1943)

General Eisenhower, in Algiers, on December 27, 1943, predicted in his farewell press conference that the Allies would win the European war in 1944. He refused, however, to predict any date for the end of the war in Asia. Secretary Hull said that General Eisenhower is right provided all the United Nations established greater unity and do not permit over-optimism to retard the outcome. (New York Times, December 28, p. 1, col. 2; p. 16, col. 1)

General Eisenhower, on August 31, 1944, said he would stand by his prophecy of Christmas, 1943, when he declared that Germany could be beaten in 1944 "if all on the battlefield and home front did their duty to the full." (New York Times, September 1, 1944, p. 1, col. 5)

Admiral William Halsey, Commander of the South Pacific Force of the Pacific Fleet, in an interview January 2, 1943, predicted victory for the United Nations in 1943. He predicted a complete absolute defeat of the Axis powers during the year, including Japan. (New York Times, January 3, 1943, p. 14, col. 3)

Admiral William F. Halsey, on December 13, 1943, retracted his previous prediction of "complete, absolute defeat for the Axis powers" in 1943 and added that he was not so sure when the war will be over. (New York Times, December 23, 1943, p. 2, col. 5)

Admiral Ernest J. King, Commander in Chief of the United States Fleet, speaking at a dinner in his honor in New York on April 25, 1944, said that the final defeat of Germany was possible in 1944. The main portions of his speech, however, were devoted to a

- 13 -

warning that the Japanese campaign might take a considerable period after the defeat of Germany. (New York Times, April 26, 1944, p. 1, col. 6)

Lt. Gen. H. H. Arnold, in Bombay, on February 14, 1943, following a strategical conference with British Field Marshal Sir Archibald P. Wavell at New Delhi, told U. S. Army officers that he had "an appointment in Berlin a year from today" and that he would "meet you six months afterwards in Tokyo." (New York Times, February 15, 1943, p. 4, col. 7)

Lt. Gen. H. H. Arnold, while speaking to an audience in Chicago on "I am an American Day", predicted the early defeat of Germany and Japan. (New York Times, May 22, 1944, p. 7, cols. 5, 6)

Lt. Gen. Mark W. Clark predicted on November 1 in a letter to one of his personal staff that the battle for Europe would be terminated in a victory for the Allies before November 1, 1944. (New York Times, December 28, 1943, p. 3, col. 7)

Admiral Harold R. Stark, Commander of the U. S. Naval Forces in Europe, predicted on January 8, 1943, that the war will be "long and tough" but that in 1944 the Allies should have enough power to "smash in anywhere." (New York Times, January 9, 1943, p. 5, col. 5)

General Sir Bernard L. Montgomery, in a broadcast from France on July 17, 1944, stated that it was "quite likely" that the Allies would knock Germany out of the war in 1944. (New York Times, July 18, 1944, p. 5, col. 4)

Field Marshal Sir Bernard L. Montgomery told his troops in Belgium on September 20, 1944, that the war against the Germans would be ended this year. His statement was made without qualification. "There is no doubt about it," he said. "No human power can stop the utter and complete defeat of the remnants of the German army." (New York Times, September 20, 1944, p. 4, col. 3)

Major General Levin Campbell, Chief of Ordnance, predicted on March 27, 1943, that Germany would be out of the war within two years, followed soon by Japan. (New York Times, March 28, 1943, p. 20, col. 1)

- 14 -

Major General L. H. Campbell, Jr., Chief of Ordnance, after qualifying himself as a guesser only, predicted on January 14, 1943, that the war would be over in about two years. He predicted that Italy would be out of the war in a few months and that Germany, faced with superior American weapons and a manpower shortage, would crumble in a relatively short period afterward. He expressed an opinion that the defeat of the Japanese would be much simpler than most people think. (New York Times, January 15, 1943, p. 8, col. 3)

Vice Admiral Frederick J. Horne, Vice Chief of Naval Operations, revealed on July 20, 1943, that the Navy is planning for a war against Japan to last at least until 1949. He refused to guess on the date of victory in Europe and stated that there was a good deal of wishful thinking on this subject. In the same press conference, Secretary Knox echoed Admiral Horne's predictions. (New York Times, July 21, 1943, p. 6, col. 5)

Lt. Gen. Adrian Carton de Wiart, Prime Minister Churchill's special military representative in Chungking predicted on December 23, 1943, that the war in Europe would end in 1944. He declined to say when the war would end in China. (New York Times, December 24, 1943, p. 6, col. 3)

Admiral of the Fleet, Baron Keyes, in Montreal on August 28, 1944, said he believed the European war would be over by early winter and that the Japanese campaign would end much sooner than some people think. (New York Times, August 29, 1944, p. 9, col. 3)

Brig. Gen. Leonard Ayers, economist and banker, stated before the Cleveland Chamber of Commerce on December 14, 1943, that victory over Germany would come in 1944. He also made various predictions concerning the behavior of prices and the prospects for industrial production. (New York Times, December 15, 1943, p. 40, col. 3)

Major General Clair L. Chennault in an interview July 20, 1944, stated that he was very optimistic about the prospects of an early victory. "I think Germany will be defeated this year," he said. "Japan will be defeated six months afterwards." (New York Times, July 21, p. 5, col. 4)

Colonel Maurice W. Reynolds, Senior Chaplain of the Eighth Army Force, in London on July 28, 1943, predicted with some qualifications that the European war might be won in five months. He based his prediction on the effect of British-American air offensive and Axis morale. (New York Times, July 29, 1943, p. 2, col. 3)

An Associated Press dispatch of September 1, 1944, reports that a wave of optimism was sweeping all soldiers and officers with the Third Army in France. Belief was common that the war would be over in two or three weeks. (New York Times, September 2, 1944, p. 3, col. 2)

(b) The Administration

President Roosevelt on January 13, 1944, in a message to Congress transmitting the budget for the fiscal year ending June 30, 1945, referred to the possibility of victory on one front during the eighteen months covered by the budget. "In this budget," the President said, "I have outlined the financial requirements for victory." The period covered by the budget, the President said, "will be crucial in the history of the United States and of mankind, a period which will see decisive action in this global war." (New York Times, January 14, 1944, p. 1, col. 8)

President Roosevelt, on February 23, 1944, while commenting on Prime Minister Churchill's statement in the House of Commons, said that he was in accord with the Prime Minister that no guarantee could be given that the war would end in Europe in 1944. (New York Times, February 23, 1944, p. 11, col. 5)

Under Secretary of War, Robert P. Patterson, in a nationwide radio address on August 31, 1944, voiced his confidence that victory over Germany will be won within the next four months. He said that General Eisenhower and he could not set the time for the defeat of the Germans but that he was certain General Eisenhower would "make good the prediction he gave last winter that the war in Europe would be won before the end of 1944 if everybody does his part." Mr. Patterson's speech was made after a tour of the French and Italian battlefronts. (New York Times, August 31, 1944, p. 8, col. 5)

Secretary Jesse C. Jones, on September 23, 1943, advised the Council of National Wholesale Associations that it should prepare for a protracted war, declaring there was no reason to assume the war would be over soon. He said that the war would not last 5 years but neither would it end in 5 months. (New York Times, September 24, 1943, p. 32, col. 6)

Secretary Knox, at Coronado, California, on June 30, 1943, while addressing a meeting of high-ranking officers of the armed forces and officials of San Diego city and county, stated that he believed that it may take three or four more years to crush the Axis. (New York Times, July 1, 1943, p. 3, col. 1)

Secretary Knox, in Davisville, R. I., on April 4, 1943, while addressing a battalion of Seabees stated that "nothing can be more arrogant than to assume we are on the way to quick victory." (New York Times, April 5, 1943, p. 2, col. 2)

James F. Byrnes, Director of Economic Stabilization, on February 23, 1943, while speaking to a closed meeting of the American Society of Newspaper Editors, criticized those who believe that victory should be postponed until 1944 in order to avoid inconvenience to the civilian population. This speech should not be interpreted as a prediction that the war would end in 1943 or 1944. (New York Times, February 24, 1943, p. 10, col. 4)

Harry L. Hopkins, writing in the October issue of the American Magazine, forecast that Germany and Japan would be crushed by 1945. Two years of hard fighting and two years of increasing sacrifice at home lay ahead of the United Nations, Mr. Hopkins declared. He noted that the principal Axis powers are not economically desperate and are still militarily solvent. (New York Times, September 2, 1943, p. 8, col. 3)

Charles E. Wilson, Executive Vice Chairman of the War Production Board, while addressing war executives at a luncheon of the Chicago Association of Commerce on July 23, 1943, predicted that the war was going to be long and stubbornly fought and that the enemy's strength should not be underrated. This prediction was made in a speech reporting on the progress of production of war equipment. (New York Times, July 24, 1943, p. 7, col. 3)

Donald J. Sterling, newspaper publisher and consultant to Donald M. Nelson, while discussing the "balance point" between military requirements and minimum civilian needs, on January 29, 1943, asserted there was no reason to suppose that the war will be a short one and warned that the national economy must undergo "far greater" adjustments. (New York Times, January 30, 1943, p. 21, col. 1)

William T. Stone, Foreign Economic Administration analyst, stated on July 10, 1944, that Germany's war production machine, crippled by bombings and starving from material and manpower shortages, is facing a crisis that will leave Germany in a "nearly hopeless position" by the end of 1944. The economic picture, Mr. Stone said, points to a "substantial certainty" of defeat for Germany in 1945 if not in 1944. (New York Times, July 11, p. 6, col. 1)

(c) Foreign Statesmen

Anthony Eden, on March 27, 1944, told the Parliamentary press gallery that the United Nations were in what he believed to be a year of decision and what was hoped would be the year of liberation. (New York Times, March 28, 1944, p. 6, col. 4)

Foreign Secretary Anthony Eden, in a speech before the House of Commons on August 2, 1944, said there was a possibility of a German collapse by mid-September. This remark was made in a debate on a motion for a seven-week recess. Although Mr. Eden said there was no chance of peace being concluded with Germany in that period, "surrender of the enemy" was possible. (New York Times, August 3, 1944, p. 9, col. 7)

Lord Halifax, on April 3, 1943, while in Sheffield, Alabama, predicted that "the end may come more suddenly than some of us thought six months ago." He refused to venture a guess as to the probable length of the war, but said that the German war machine would probably go all at once when it once began to crack. (New York Times, April 4, 1943, p. 24, col. 2)

Vernon Bartlett, British M.P., in Toronto on April 26, 1943, gave as his opinion that the war would end sometime in the middle of 1944. His opinion was given during an interview while in Toronto to address the Canadian Club. (New York Times, April 27, 1943, p. 8, col. 3)

Premier Jan Christiaan Smuts of South Africa, on March 29, 1943, gave as his opinion that the war was a long way off, the second phase of offensive warfare having only started. (New York Times, March 29, 1943, p. 8, col. 6)

Field Marshal Jan Christiaan Smuts, in Cairo on August 30, 1943, expressed his opinion that the war would not be over before the end of 1944. (New York Times, August 31, 1943, p. 27, col. 2)

Prime Minister Jan Christiaan Smuts, speaking in Pretoria on September 4, 1943, on the fourth anniversary of South Africa's entry into the war, warned that the hardest fighting still lay ahead and that another year at least would be required in which to win final victory. "We must force this war to a conclusion this year by a concentration of all means in our power," he said. (New York Times, September 5, 1943, p. 19, col. 6)

Field Marshal Jan Christiaan Smuts, Prime Minister of South Africa, speaking to an audience in Birmingham, England, May 19, 1944, stated that a final decision in Europe might be brought about much earlier than "pessimists" forecast. He said also that Japan would be forced to "surrender, starve, or burn to death at no great distance of time." (New York Times, May 20, 1944, p. 2, col. 2)

Jan Christiaan Smuts, Prime Minister of South Africa, told South African and British troops in Italy, June 26, 1944, that they could look forward to a conclusive victory in the not distant future. (New York Times, June 27, 1944, p. 5, col. 3)

Prime Minister McKenzie-King, speaking to a delegation from the Canadian Congress of Labor, said on February 11, 1944, that unforeseen circumstances may prolong the war not for days or months but even for years. "No one can see today how long the war will last," he said. (New York Times, February 12, 1944, p. 3, col. 6)

Prime Minister Peter Fraser of New Zealand stated in London on May 5, 1944, that if the impending attack on Germany proves successful, the war against Japan might end in 1945; otherwise the war against Japan might end in 1946. He said, however, that he was only guessing. (New York Times, May 6, 1944, p. 3, col. 5)

General Charles de Gaulle said on September 24, 1944, that the hardest fighting still lay ahead inside Germany and that the end of the European war must not be expected before next spring, "contrary to hopes too hastily conceived." (New York Times, September 26, 1944, p. 1, col. 8)

General Giraud predicted on May 2, 1943, that the Tunisian campaign would be completed in May and that the war would end in 1944. His prediction, however, in the opinion of the United Press, was limited to the European phase of the war. (New York Times, May 3, 1943, p. 1, col. 3)

Dr. Eduard Benes, former president of Czechoslovakia, said in a speech in Mandel Hall, University of Chicago, on May 23, 1943, that the war in Europe was in its final phase, with the fall of Germany and Italy to be expected within a year, to be followed by the military and political collapse of Japan very soon afterward. (New York Times, May 25, 1943, p. 10, col. 2)

King Haakon of Norway, on July 28, 1943, speaking at Liverpool, said that the war outlook was much brighter than it was at the first of the year, but that six months or a year might elapse before Norwegians could return to Norway. (New York Times, July 29, 1943, p. 3, col. 1)

Chiang Kai-shek, on July 7, 1943, declared that the time limit for utter defeat of the Japanese invasion armies "cannot exceed two years." The Associated Press dispatch noted that this was the first time the Generalissimo ever had set such a time limit. (New York Times, July 7, 1943, p. 4, col. 1)

Sun Fo, President of the Chinese Legislative Yuan, and son of Dr. Sun Yat Sen, founder of the Chinese Republic, predicted at Chungking on September 10, 1943, that Germany would collapse within a year. Major General Pao Kai went further and predicted that the war would end by autumn of 1944. These predictions were made by the Chinese while hailing the surrender of Italy. (New York Times, September 11, 1943, p. 6, col. 7)

Charles A. Davila, former Rumanian minister to the United States, now a representative in Washington of Juliu Maniu, Minister of State in Rumania, predicted on August 26, 1944, that Germany would be knocked out of the war "within a matter of weeks" because the capitulation of Rumania has made the Reich's position in eastern Europe untenable. The very latest the Germans can hold out, he said, will be to October. (New York Times, August 26, 1944, p. 3, col. 8)

(d) American Congressmen and Other Political Leaders

Senator Arthur H. Vandenberg of Michigan on July 26, 1944, asserted that "Chances for an early German collapse are sufficiently encouraging to make vital an early enactment of reconversion legislation. (New York Times, July 27, 1944, p. 11, col. 7)

Senator Kenneth McKellar, speaking to a meeting of the Executives Club of Chicago on July 21, 1944, predicted that the Red Army would be in Berlin within sixty days. He added the prediction that the war would end on all fronts within six months. (New York Times, July 22, 1944, p. 25, col. 1)

Senator McKellar of Tennessee, on July 28, 1944, said that only a little more time was necessary for the defeat of Germany. (New York Times, July 29, 1944, p. 26, col. 1)

Senator Thomas of Oklahoma, on July 28, 1944, said he could not see how Germany could last through the rest of the year. (New York Times, July 29, 1944, p. 26, col. 1)

Senator Wagner of New York, on July 28, 1944, said he felt the crackup would come suddenly when it came; however, he made no prediction as to when the war would end. (New York Times, July 29, 1944, p. 26, col. 1)

Senator Sheridan Downey of California, on August 28, 1943, predicted that Japan would not last more than a year after the fall of Germany but declined to forecast when Germany would be defeated. Senator Downey had just returned to Washington from the Pacific Coast; he based his prediction on the overwhelming superiority and volume of American war production. (New York Times, August 29, 1943, p. 16, col. 3)

Senator Downey of California predicted on September 25, 1943, that Germany would collapse within 4 months, unless the Nazis introduced some new anti-aircraft weapon to thwart the Allies aerial offensive. Senator Downey's prediction was made while discussing the effect of the Selective Service Act on fathers. (New York Times, September 26, 1943, p. 7, col. 2)

Senator Russell, after returning from a round the world investigation of American war fronts, told a press conference on September 29, 1943, that he believed that the war in the Pacific would end some time in 1945. He added that although the German army was still tough and should not be underestimated that he thought Germany might crumple any day. (New York Times, September 30, 1943, p. 7, col. 1)

Representative Woodrum, Chairman of the House Post-war Military Policy Committee, said on August 25, 1944, that October 1, 1944, is the Army's "tentative" date for finishing its job against Germany. This statement was made during a hearing before the committee where Rear Admiral James H. Irish, Inventory Control Officer, indicated that the Navy expected to be fighting in the Pacific at least through 1945. When informed of Mr. Woodrum's statement, President Roosevelt refused to predict when the war would end and remarked that he was probably the only man who had not expressed an opinion. (New York Times, August 26, 1944, p. 2, col. 4)

Representative Clarence Cannon of Missouri told the House on June 17, 1944, that it could expect a collapse of the German armies by September and a surrender of the Nazis "by Christmas and perhaps much sooner." The statements were made during discussion of a deficiency supply bill. (New York Times, June 18, 1944, p. 2, col. 4)

Representative Earl Wilson, Republican of Indiana, reported that the results of ballots mailed to all members of the House asking their views on the length of the war showed that October of 1944 was the average date selected by the 140 who answered the poll. According to the consensus, an additional year would be required to finish off Japan in the Pacific. (New York Times, June 22, 1943, p. 4, col. 7)

Chairman May of the House Military Affairs Committee on July 28, 1944, predicted the capitulation of Germany by December 1, 1944. (New York Times, July 29, 1944, p. 26, col. 1)

Representative McCormack, House Majority Leader on July 28, 1944, warned against optimism saying he was amazed at Senator Vandenberg's forecast of an early German collapse, adding that "this is not the time for responsible political leaders to build up an expectation of an early return to the ways of peace." (New York Times, July 29, 1944, p. 26, col. 1)

Members of Congress returning to Washington on September 8, 1943, predicted that Hitler's downfall would probably come in 1943 and that the defeat of Japan might possibly fall in 1944. These predictions were made following the surrender of Italy. (New York Times, September 9, 1943, p. 14, col. 3)

Joseph E. Davies, former Ambassador to Russia, gave his opinion on January 29, 1943, that the defeat of Germany depended upon superior air power which the Allies would achieve in 1944. He stated that he did not believe the Germans could be defeated in 1943. He added, however, that Japan would be a "pushover" once Hitler is defeated. (New York Times, January 30, 1943, p. 8, col. 2)

Joseph E. Davies, former Ambassador to Russia, said in a radio speech on February 4, 1943, that only an overwhelming drive with massed airpower could bring the war to an end in 1943. (New York Times, February 5, 1943, p. 3, col. 4)

Mayor La Guardia, in a New Year's message to the people of Italy on January 1, 1944, declared that victory over the Germans was more certain this year than it was at the beginning of the new year 1918. He said, " * * * On the threshold of the new year it is possible to say with full confidence that however hard things may be for the Italian people they can look to the future with confidence the new year is going to be a year of great campaigns, designed to crush Hitler and whatever may be left of the Fascists for good." (New York Times, January 2, 1944, p. 24, col. 2)

James A. Farley, while in Mexico on a business trip on January 19, 1943, predicted that Germany would be beaten before the end of 1943. He based his prediction on the ease

with which Allied forces landed in French North Africa, and upon the fact that U.S. production and Military forces are much superior to those of the Germans. (New York Times, January 20, 1943, p. 4, col. 4)

(e) Business and Industrial Leaders

Galen Van Meter, State Regional Manager, Committee for Economic Development, stated to the annual meeting of the Associated Industries of New York State, on November 17, 1943, that the termination of the war in Europe would come "sooner than any of us had a right to expect a few months ago." Speaking at the same meeting, Paul G. Hoffman, Chairman of the CED, stated that termination of the war in Europe would bring us face to face with perhaps 80% of the problems of total peace. Unless business is prepared, Hoffman said, partial peace might bring partial paralysis of our economy which would be disastrous for the subsequent offensive against Japan. Hoffman said a one-third increase in the productivity of 1940 was attainable provided government, business and agriculture subordinated their group interest and worked together; that intelligent plans be immediately developed by American employers for production and marketing; and all policies which stifle initiative and interfere with expanding employment and production are changed.

Robert H. Wells, President of Corrigan, Osburne and Wells, Inc., management consultants, on November 23, 1943, made four predictions: (1) hostilities will end in Europe in the winter of 1944; (2) there will be a six months' slowdown in early 1945; (3) three years of domestic replacement boom from 1945-1948; and (4) two years of serious setback followed by a world rehabilitation boom, with prosperity from 1950-1960. He called upon business to begin at once the important task of changing over individually from war to peace production. These predictions were issued in a special analysis of Mr. Wells' company, entitled "Getting Down to Earth on Post-war Work." (New York Times, November 23, 1943, p. 39, col. 1)

B. B. Geyer, President and Chairman of the Board of the New York advertising agency, Geyer-Cornel & Newell, speaking on April 15, 1943, to the closing session of the National Wholesale Druggists Association convention, asserted that the European

phase of the war should be concluded in October, 1943, and that after a nine months' preparation and attack on Japan, a final Allied victory would be obtained by November 1, 1944. In accordance with his prediction he urged that post-war plans for the return of the drug industry to civilian business should be ready by the end of 1943. (New York Times, April 16, 1943, p. 35, col. 2)

B. B. Geyer, President of Geyer-Cornel & Newell, while speaking before the annual fall meeting of the National Alcoholic Beverage Control Association on September 14, 1943, said that industry and business must begin to provide jobs for released war workers next year and declared that Germany might possibly collapse in 1943, complete Allied victory following by the end of 1944. (New York Times, September 15, 1943, p. 42, col. 4)

Clarence Francis, Chairman of the Board of General Food Corporation, on June 13, 1944, told the Association of Manufacturers' representatives to "Go back and tell your companies that the war with Germany will be over this year and the war with Japan will end a year later." This prediction was made during Mr. Francis' discussion of the prospects of the food industry during post-war years. (New York Times, June 14, 1944, p. 23, col. 3)

Henry Ford, on March 19, 1944, stated in an interview for the Atlanta Constitution, that he believed the war would be over in two months. He said he had no reason for his prediction that he cared to disclose. (New York Times, March 20, 1944, p. 34, col. 2)

Fred Lehn, of the Underwood Elliott Fisher Company, on November 24, 1943, disclosed the results of a survey by the Export Managers Club, which indicated that 74 of the American exporters queried believed that the war in Europe would be ended in 1944 and that the war in Asia would be concluded in 1945. The survey disclosed that traders hold the belief that government restrictions on exports would be continued for a year or less. (New York Times, November 24, 1943, p. 27, col. 3)

American Marketing Association speakers, at a luncheon meeting of the post-war planning group of the Association on March 18, 1943, gave various opinions on the duration of the war. Two speakers chose April of 1944; another chose July 4, 1944; and another the fall of 1944. Some opinions were that the war would end some time in 1945. These opinions were given during discussions concerning the responsibility of industry to revert to the manufacture of major consumer durable goods when the war ends. (New York Times, March 19, 1943, p. 26, col. 7)

Raymond Moley, speaking at an annual meeting of the American Association of Advertising Agencies on November 5, 1943, predicted the end of the war earlier than envisioned by the administration. The bulk of his speech was devoted to criticizing the New Deal. (New York Times, November 6, 1943, p. 8, col. 4)

(f) Other Public Figures

Leon Henderson, on October 6, 1943, speaking at the School of Education at New York University, said that the best military opinion is that the war with Germany would not be over before June, 1944, but would be ended before January, 1945, the job of defeating Japan requiring an additional year. He said that 1946 will be our first full post-war year and that the Committee on Economic Development is working on that assumption. (New York Times, October 7, 1943, p. 11, col. 5)

Leon Henderson, Chairman of the board of editors of the Research Institute of America, at a press conference on November 1, 1943, urged businessmen to prepare for a business decline between 1944 and 1946. A special analysis issued by the Institute on "Your Business After the War" makes the fundamental assumption that the German phase of the war will be completed successfully some time between the spring and fall of 1944 and that the Pacific war would be won a year later. The study urged the Institute members to divide their planning into three periods; (1) the period until the end of the war with Germany, (2) the interval between the defeat of Germany and Japan, and (3) the initiation of the peacetime era. An early substantial increase in the production of civilian goods, however, should not be expected, although where labor is available a gradual increase of materials such as textiles, might reasonably be expected. (New York Times, November 2, 1943, p. 35, col. 1)

Captain Edward V. Rickenbacker stated at a war bond luncheon in New York on February 5, 1944, that he believed that Germany would not give up until the fall of 1944 at the earliest and that Japan might hold out for one to five years after that. He stated, however, that the chances of beating Germany in the fall were "only fifty-fifty". (New York Times, February 5, 1944, p. 5, col. 1)

Captain Edward V. Rickenbacker, speaking to a Red Cross mobilization rally in New York City on February 24, 1943, warned that the war would last at least until the fall of 1944 and possibly through 1945 or even 1946. (New York Times, February 25, 1943, p. 11, col. 1)

H. V. Kaltenborn, radio commentator, after returning from a visit to the Pacific war fronts on December 17, 1943, stated that his previous prediction that the war with Japan would end in 1945 was too optimistic. He revised his estimate to 1946 and stated that most Americans were too optimistic. (New York Times, December 18, 1943, p. 17, col. 8)

Emil Ludwig, in Hollywood on July 19, 1943, predicted that the Axis forces would be defeated within one year because they lack the nerve to carry on in the face of adversity. He predicted that Italy would be defeated in three months and gave Germany nine months in which to yield to Allied offensives. He based his prediction upon what he had seen in Germany in 1918. (New York Times, July 20, 1943, p. 17, col. 1)

Emil Ludwig, on November 27, 1943, at a meeting of the National Labor Committee for Palestine, predicted that Germany would surrender within four months, "perhaps even sooner." (New York Times, November 28, 1943, p. 58, col. 3)

Dr. Stephen F. Wise, entering a Treasury-sponsored contest for the prediction of the duration of the war, predicted on September 28, 1943, that the war with the Nazis would be ended by April 12, 1944. The winner of the contest will win a \$2,500 war bond donated by William Helbein, originator of the contest. (New York Times, September 28, 1943, p. 27, col. 7)

Prof. A. B. Hart, Professor of History Emeritus, at Harvard University, predicted on January 2, 1943, that the Allies will be victorious over Germany in two years and that Japan will give up soon afterwards. His prediction was based upon a belief that it would take two years to solidify the mastery of the seas so that an invasion of the German Reich would be possible. (New York Times, January 3, 1943, p. 37, col. 1)

Eugene J. Houdry, National President of France Forever, predicted on June 26, 1943, that the war against Germany could be won by the United Nations in 1943. He added that by November the bombing of Germany would be so frightful that the German spirit would "crack wide open." The prediction was made while speaking at a dinner at the Waldorf-Astoria in New York given by the executive committee of France Forever to the delegates of 75 chapters of the organization who were attending a two-day convention. France Forever is a French and American group devoted to the revitalization of France under the leadership of General de Gaulle. (New York Times, June 27, 1943, p. 35, col. 3)

The Rev. Robert I. Gannon, President of Fordham University, speaking at commencement exercises of the University on June 9, 1943, related that army officers in Europe were betting ten-to-one that the European phase of the war would certainly be over by January 1, 1944. (New York Times, June 10, 1943, p. 24, col. 5)

Dr. Axel Munthe, Swedish author of the best seller, "The Story of San Michele," after a sojourn at his island home of Capri, prophesied on June 13, 1943, that the war would last, he feared, yet another year. (New York Times, June 14, 1943, p. 19, col. 4)

An Associated Press dispatch from Moscow on August 15, 1944, reports that many Russians said "victory this year" when they heard that the Allies had landed in southern France. (New York Times, August 16, 1944, p. 10, col. 4)

An editorial in the New York Times on July 9, 1944, by David Anderson reports "exceedingly well-informed persons" in England as predicting an early collapse of Germany, the military phases terminating early in the coming winter or

very soon thereafter. These opinions were said to be based upon an estimate of the ability of Germany's war economy to maintain its balance for a period of three to six months longer. (New York Times, July 9 (IV) p. 5, col. 6)

A New York Times editorial of January 2, 1944, reviewing production and earnings of manufacturing companies during 1944 stated that "authorities have indicated that the Pacific phase of military operations will extend into 1945. Following the defeat of Germany and Japan, an occupation force in Europe and Asia will require supplies for a few years. This may mean that the United States will have to keep industrial operations at a high level to supply civilian and military requirements." (New York Times, January 2, 1944 (III) p. 6, col. 7)

The National Opinion Research Center of the University of Denver, as reported by Hansen W. Baldwin on July 19, 1943, found in its latest poll that many Americans think the war will end in 1943 and that a majority think that the entire Axis would be defeated in less than two years. Baldwin comments that very few informed persons expect the European phase to end in 1943. (New York Times, July 19, 1943, p. 4, col. 5)

Edwin L. James, in a New York Times editorial of January 2, 1944, stated that New Year's statements by Allied leaders predict the defeat of Germany in 1944. "Confident in their growing power, United Nations Chieftians think Germany will be defeated in 1944." These remarks were made in the discussion of the divergence of the predictions of the Allied and Axis leaders. (New York Times, January 2, 1944 (IV), p. 3, col. 7)

A United Press dispatch of June 5, 1943, reported that the United Nations time table calls for a defeat of Germany in 1944 and the unconditional surrender of Japan in 1946. (New York Times, June 6, 1943, p. 2, col. 2)

Hansen W. Baldwin, writing in the New York Times on January 17, 1944, observed that the majority of high officers in Washington believed honestly that final victory over the Axis is still very far off. He reports that he has not met a single important official who thinks the war is nearly over. A small minority, however, thinks there is some chance of the collapse

of Germany within two or three months. Most of them feel, he said, that if the Western invasion succeeds, if Russian offensive power does not wane and if national intangible factors--such as the use of powerful new weapons by the Germans--the surrender of Germany can be forced just before or during the winter of 1944-45. The defeat of Japan, in the view of most, is eighteen months to four years distant. (New York Times, January 17, 1944, p. 6, col. 3)

The Soviet newspaper, Red Star, on May 6, 1944, included an article by Alexander Yerusalimsky warning that over-estimation of German strength is as dangerous as under-estimation. The implications of the article were that the war against Germany might end sooner than Allied leaders expected. (New York Times, May 7, 1944, p. 30, col. 4)

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

January 3, 1945

Midnight

AMEMBASSY

LONDON

66

The following for Mann is WRB 33.

The War Refugee Board was recently advised by McClelland in Bern that approximately 1355 refugees from Bergen-Belsen arrived in Switzerland on December 7 and are temporarily being housed in Caux under control of the Swiss army. McClelland has been advised by the chief of the Swiss Federal Police that the majority of these refugees are Hungarians, including persons from Transylvania, but that there are also a few Poles, Slovaks and Yugoslavs. The Swiss stated further to McClelland:

QUOTE All these refugees intended to go to Palestine some as young workers others as veteran Zionists or prominent members of Jewish organizations, still others to join relatives already there. Most of them had been assured that they would be admitted although none of them actually possess Palestine certificates or equivalent document. On other hand they all hold documents issued by Hungarian Red Cross or an international Jewish organization stating that a Palestine certificate in their name is available at Istanbul. These documents were for most part issued shortly before occupation of Hungary by Germans. For past few years it appears that several thousands of Hungarian Jews have gone to Haifa via Istanbul on basis of such documents. All these Hungarians who recently arrived in Switzerland originally intended to pick up their Palestine certificates in Istanbul and once in possession of them to proceed to Haifa. Almost all of them have relatives in Palestine. They do not know whether the certificates supposedly available for them at Istanbul are still valid or whether the Zionist organizations have taken any steps to assure their emigration. UNQUOTE

Although it is not certain that this is the same group referred to in our WRB-19 of November 3 and your 9736 of November 9, it is hoped that you will be able nevertheless to obtain the consent of the British to the admission of this group of refugees to Palestine. The Swiss are extremely anxious and consider it imperative (repeat imperative) that this entire group of refugees be removed from Switzerland as soon as possible. This is an excellent opportunity to demonstrate to the Swiss our good faith in promising

to find

-2- #66, January 3, Midnight to London

to find temporary havens for all refugee Jews arriving in Switzerland from Hungary, particularly since the Swiss have indicated their willingness to permit 8,000 more Hungarian Jews to enter Switzerland on a temporary basis.

AFTQ and UNRRA have agreed to hold the Philippeville Camp in Algeria open to meet emergency needs such as that created by any possible movement of Hungarian Jews. However, it is the Board's feeling, in view of the above-quoted communication by the Swiss to McClelland, that efforts should be made to have this group admitted to Palestine rather than to Philippeville.

Please take this matter up with the British and reply urgently. If the British consent to admit these refugees to Palestine, the United States Government will of course cooperate in arranging transportation.

STETTINIUS
(GLW)

WRB:MMV:KG
1/3/45

BC

WE

NE

SE

120
MS-1772

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

Paris

Dated January 3, 1945

Rec'd 8:40 p.m., 4th

Secretary of State,

Washington.

24, January 3, 3 p.m.

FOR WAR REFUGEE BOARD FROM HOFFMAN.

The following message is to Moses Leavitt from Joseph Schwartz (Charge Joint Distribution Committee New York).

Please ask Chase Bank New York inform Chase Bank Paris by cable that Joseph Schwartz, Arthur Greenleigh Jules Jefroykin, Maurice Brener and Laura Margolis are authorized to sign cheques on account American Joint Distribution Committee. Any two of above signatures are to be honored.

CAFFERY

DU

CABLE TO CAFFERY, PARIS, FOR HODGDON FROM DEPARTMENT AND WAR REFUGEE BOARD

Reference Department's No. 438 of November 15, 1944, and No. of
January 1944.

The Department and War Refugee Board would appreciate your arranging for the care and custody of the 50 to 75 ad hoc Latin American passport holders upon their arrival in Marseilles on or about January 27 and until such time as arrangements for their onward movement can be completed. Philippeville rather than Fedhala will probably be the temporary destination for some of this group.

It is suggested that you immediately contact Dr. Joseph Schwartz and Arthur Greenleigh of the Joint Distribution Committee who are now in Paris and who are prepared to lend financial and technical assistance in connection with the immediate maintenance and onward transportation of these passport holders. Since it would seem to be desirable to have Schwartz and/or Greenleigh in Marseilles for this purpose, you should give them all possible assistance in arranging travel to Marseilles.

As soon as possible after the arrival of these people in Marseilles, Department and War Refugee Board should be furnished with a complete list of this group of ad hoc passport holders, giving their names, ages, true nationality, number of family units, etc. In addition, Department and Board would appreciate report from you as to the number holding Palestine certificates and as to the attitude of the individuals themselves with respect to ultimate destination.

10:30 a.m.
January 3, 1945

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

January 3, 1945

8 p.m.

AMEMBASSY

PARIS

33

The following for Hodgdon is from Department and War Refugee Board.

Reference Department's 438 of November 15, 1944 and 15 of January 2, 1945.

The Department and War Refugee Board would appreciate your arranging for the care and custody of the 50 to 75 ad hoc Latin American passport holders upon their arrival in Marseilles on or about January 18 and until such time as arrangements for their onward movement can be completed. Philippville rather than Fedhala will probably be the temporary destination for some of this group.

It is suggested that you immediately contact Dr. Joseph Schwartz and Arthur Greenleigh of the Joint Distribution Committee who are now in Paris and who are prepared to lend financial and technical assistance in connection with the immediate maintenance and onward transportation of these passport holders. Since it would seem to be desirable to have Schwartz and/or Greenleigh in Marseilles for this purpose, you should give them all possible assistance in arranging travel to Marseilles.

As soon as possible after the arrival of these people in Marseilles, Department and War Refugee Board should be furnished with a complete list of this group of ad hoc passport holders, giving their names, ages, true nationality, number of family units, etc. In addition, Department and Board would appreciate report from you as to the number holding Palestine certificates and as to the attitude of the individuals themselves with respect to ultimate destination.

STETTINIUS
(MNV)

WRB:MNV:KD
1/3/45

WE SWP

MF-1618

PLAIN

Lisbon

Dated January 3, 1945

Rec'd 9:33 a.m., 4th

Secretary of State

Washington

17, Third.

WRB 284, JDC 145. FOR LEAVITT FROM PILPEL.

Further our 87. Wish advise Fred Saraga now Palestine claims deposited \$70,000 lei Bucharest June 30, 1944, rate unfixed. Siegmund Sternberg Palestine claims deposited 5,200,000 lei Bucharest April 3, 1944, rate 1300 or 1350. Both urgently request repayment but we thus far without confirmation. Goldstein and Cukier now Palestine still claim joint deposits \$35,000 and \$23,000 but Saly Mayer thus far confirmed only \$35,000. Cukier Goldstein request repayment Palestine and not Kalmust Brooklyn,

NCRWEB

WSB

CABLE TO AMERICAN LEGATION, BERN, FOR MCCLELLAND FROM WAR REFUGEE BOARD

Please deliver following message to Isaac Sternbuch, 3 Teufener
Strasse, St. Gall, from Rabbi Abraham Kalmanowitz of the Vaad Hahatzala
Emergency Committee:

QUOTE SENT YOU SIX REMITTANCES OF 428,816 FRANCS EACH. ADVISE
WHETHER ANY DEVELOPMENTS ON SHANGHAI EVACUATION AND WHETHER YOU
REMITTED THERE ALL FUNDS WITH COMPLETE INSTRUCTIONS. YOU MUST
INFORM SZMULEWITZ WE GREATLY DISTURBED AT CONTINUED UNJUSTIFIED
COMPLAINTS. OUR FUNDS FROM VARIOUS SOURCES SUCH AS VAAD
HAHATZALA, YESHIVOTH AND INDIVIDUALS. OUR DISTRIBUTION SCHEME
EQUITABLE AND FUNDS DISTRIBUTED AS GIVEN AND ORDERED. PLEASE
ENDEAVOR AVOID DISAGREEMENTS SINCE OUR WORK SUFFERS THEREBY UNQUOTE

THIS IS WRB BERN CABLE NO. 349.

10:30 a.m.
January 3, 1945

HJP-1330

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

Bern

Dated January 3, 1945

Rec'd 12 p.m.

Secretary of State,
Washington.

29, January 3, Noon

FOR WRB FROM MCCLELLAND

Please deliver following message from Lazar Gurvic, Geneva, to Leo Wulsmann, American OSE:

"In connection with Yugoslav Liberation Committee and Red Cross we plan send shortly medical and sanitary teams including physicians nurses and child relief specialists to Yugoslavia. We are also forwarding medicines medical equipment and restoratives. Our first budget allowance of 90,000 Swiss francs.

Two thirds covered by the joint. Relief will be given particularly in areas where there are many Jewish survivors from concentration camps but also to all needy without respect to nationality or religion.

We are attempting to get similar work under way in the liberated areas of Hungary.

This information strictly confidential and not for publication."

RR

HUDDLE

PC-1555

PLAIN

Bern

Dated January 3, 1945

Rec'd 11:30 p.m.

Secretary of State,

Washington.

31, Third

FOR WRB FROM MCCLELLAND

Kindly deliver this message from Union OSE Geneva to Leo Fulman American OSE "After negotiations with Rumania we have accepted affiliation our union with Dr. Jancus medical and have the children organisations having various provincial branches at Arad, Timisoara, Braila and Galati. Our institutions these cities as well as at Sereti and Suceava have likewise started their work. They have charge of over 2000 children through homes, dispensaries and school canteens. Near future shall open homes for 1000 children in Moldavia. Minimum monthly budget of 15,000,000 lei to be covered completely by ourselves. Joint advanced so far for our account 20,000,000 lei for two months balance will be covered from other sources". 1850.

HUDDLE

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

January 3, 1945

9 p.m.

ALLEGATION

BERN

49

The following for McClelland is WRB 243.

Please refer to your 8379 and 8380 of December 28 regarding the evacuation from Switzerland of the 1352 refugees who recently arrived from Bergen-Belsen.

The War Refugee Board advised the War Department at the time your 7269 of November 1 was received of the possible need of transportation and accommodations for Jewish refugees from Hungary. The Board has since been advised by the War Department that AFHQ and UNRRA have agreed to hold the Philippeville Camp in Algeria in reserve for emergencies arising from any possible movement of Hungarian Jews.

However, in view of the description of this group of 1352 refugees in the communication to you from the Chief of the Federal Police, the Board has cabled Mann in London, requesting him to seek the consent of the British Government to the admission of this group to Palestine. If Mann is unsuccessful in obtaining the consent of the British to this, the Board will undertake to make arrangements to have them moved to Philippeville. Although the Board will do all possible to hasten the evacuation of this group from Switzerland, there can be no assurance that this can be accomplished within the next few weeks.

If necessary, arrangements can be made to provide funds for the maintenance of this group for the period of their stay in Switzerland.

You will be advised as soon as a reply is received from Mann.

STETTINIUS
(GDN)

WRB:BNV:ED
1/3/45

WE BC NE SE

No. 10437

Via Air Mail Pouch

UNRESTRICTED

Bern, January 3, 1945.

Subject: American Interests - Hungary. Forwarding report of the Swiss Legation at Budapest concerning difficulties encountered in the protection of Jews.

The American Charge d'Affaires a.i. at Bern has the honor to refer to the Legation's despatch No. 10180 of December 11, 1944 regarding the treatment of Jews in Hungary, and to enclose, for the Department's information, a report from the Swiss Legation at Budapest concerning certain difficulties which it has experienced in the protection of Jews under its protection.

The report, which is dated December 9, 1944, was transmitted to the Legation under cover of a note verbale from the Swiss Foreign Office dated December 29, 1944.

Enclosures:

No. 1 Report, Swiss Legation Budapest, December 9, 1944;

No. 2 English translation of Enclosure No. 1.

File No. 840.1

GT/DWM/mep

Original and hectograph to the Department.

135

Enclosure No. 2 to despatch
No. 10437 dated January 3, 1945
From the American Legation, Bern.

TRANSLATION
R E P O R T

In due time the Swiss Legation at Budapest was charged with taking the necessary measures to enable the migration of Jews to Palestine, and the British Government had transmitted to it lists of persons for whom immigration certificates to Palestine were authorized (twenty thousand families were involved) and whom the Legation had to take under its protection.

The Swiss Legation was authorized, within certain limits, to establish collective passports for groups of these persons.

After the Swiss Legation had undertaken numerous representations in favor of this category of Jews, the Hungarian and German Governments - at the beginning of November, 1944 - declared themselves disposed to authorize the immigration of about 7800 persons of Jewish race, but they did not recognize the right of Switzerland to accord complete protection to the other Jews authorized to enter Palestine.

During the course of the last weeks, the Jews whose emigration was permitted were concentrated in about 25 buildings which are under the protection of the Swiss Legation.

All Jews between 16 and 60 years of age are subject to compulsory labor service, in Hungary as well as abroad. In view of the lack of rolling stock in Hungary, those who have to work outside of Hungary are sent on foot toward the border - a distance of about 200 km. A considerable part of them are abandoned on the way, exhausted or dying. Generally they have to spend the night in the open, in the cold and the dampness, provide their own subsistence on the journey which lasts several days.

In view of these circumstances, the Jewish inhabitants of Hungary are trying, by all possible means, to obtain Swiss visas which free them from the labor service. This fact evidently contributes to the preparation of false documents on a large scale. For many weeks employees of the Swiss Legation have been trying to verify the identity documents of Jews interned in concentration camps, or detained in the tile-kilns, stations, factories, etc. This activity can take place only under heavy police protection and conflicts constantly with the intervention of the Arrow Cross Party, which deliberately forces an entrance to the houses put under the protection of Switzerland, take away from Jews the identity documents issued by the Legation, and, moreover, removes certain of those persons or maltrats them.

The employees of the Special Division of the Swiss Legation are constantly the object of provocations on the part of members of the Arrow Cross. As an example, an employee of the Legation was threatened by a revolver by one of them on the occasion of an inspection in St. Stephen's Park where five thousand Jews were assembled, and just managed to reach the car which brought him there. He informed the Chief of the Cabinet, Mr. Bagossy, of what happened and, when the latter - himself an influential member of the Arrow Cross - appeared on the spot, he was threatened with machine-guns by members of the party who took away his revolver and identity papers. It was a long time before order was restored.

Another incident occurred when the car of the Swiss Legation, caught in a traffic jam in the city, was immediately encircled by a group who shouted injuries at the Swiss authorities reproaching them for interfering in favor of Jews.

On another occasion, which also shows the difficulties encountered, the activity of the Swiss Legation on behalf of Jews, a functionary of the Swiss Legation was called to verify the presence of three hundred Jews, bearers of identity documents issued by the Swiss Legation, in a building where, deprived of food and cramed into two rooms without any means of ventilation, they were nearly dead from suffocation. The Swiss representative went to the Chief of the Cabinet, Mr. Bagossy, who accompanied him without delay in the house in question where they actually found the three hundred persons in the condition mentioned above. The representative of the Legation obtained permission for the transfer of the interested persons to a more spacious building, but when he returned the following day, as was arranged with Mr. Bagossy accompanied by employees of the Legation, to examine the identity papers of these Jews and furnish them with minimum subsistence, the entire group had already been sent away by members of the Croix Flechees.

Budapest, December 9, 1944.

mjp-eb

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMEMBASSY, Ankara
TO: Secretary of State, Washington
DATED: January 3, 1945
NUMBER: 9

CONFIDENTIAL

This message was repeated as 2 to Caserta.

See your December 29, 1944.

The position delineated in your above reference is thoroughly understood here. Palestine entry certificates and Turkish transit visas are being authorized for this group of refugees as a consequence of the intervention of this Embassy with Turkish and British officials so that satisfactory disposal of this matter has now been achieved.

STEINHARDT

DC/L:EMS

1-4-45

SECRET

OPTEL No. 4

Information received up to 10 a.m., 3rd January, 1945.

1. NAVAL

HOME WATERS. Two midget U-boats attacked off Zeebrugge by H.M. Destroyers. One U-boat sunk. One H.M. Minesweeping trawler torpedoed off Ostend last night.

2. MILITARY

WESTERN EUROPE. Heavy fighting continues Bastogne area where enemy maintains determined defensive attitude. Local gains reported S.E. and west of town where two villages recaptured and U.S. forces 3 miles east of St. Hubert. Northern flank of salient remains quiet. In the Saar main enemy offensive effort is S.E. of Bitché and east of Saarguemines. Attack in Bitché area had gained two miles by nightfall 1st. Saarguemines attack after initial penetration of 1 mile was repeatedly repulsed and failed to cross tributary of River Saar east of Saarbuemines.

ITALY. 5 Canadian Armoured Division on Adriatic flank attacked east of Alfonsine and made gains of 1 mile.

GREECE. Little activity Athens and Piraeus 1st January. Area S.E. of Phaleron-Athens road now virtually cleared and bulk of our forces withdrawn to clear N.E. suburbs Athens.

BURMA. Our troops now within 4 miles of Ye-U.

3. AIR

WESTERN FRONT. Day 1st. Considerably more enemy aircraft operated than early reports indicated. Total enemy casualties for day (including provisional L.A. claims) now 335, 10, 119.

Night 1st/2nd. Following tonnages dropped: 701 Mittelland Canal; 669 Vohwinkel Railway Centre; 373 Dortmund (Munster Stein) Coking Plant. Attacks in clear weather and concentrated.

Day 2nd. 957 escorted U.S. heavy bombers (6 missing) attacked railway bridges, communication centres and strong points between Benn and Saarbrücken. Weather clear and 2504 tons released. 241 medium bombers (1 missing) and 1511 (16 missing) fighters and fighter bombers operated battle areas. Enemy casualties 13, 4, 9 and 30 A.F.V., 180 M.T., 300 railway trucks destroyed.

Night 2nd/3rd. 1063 Bomber Command aircraft despatched. Nuremberg - 521, Ludwigshafen Chemical Works - 389; Berlin - 53; other operations - 100. 8 aircraft failed to return.

MEDITERRANEAN. Day 1st. Bad weather limited operations. 107 mediums (1 missing) and 658 fighters and fighter bombers (3 missing) successfully attacked railway targets and enemy concentrations North Italy.

4. HOME SECURITY

To 7 a.m., 3rd. 8 rocket incidents occurred.

BRETTON WOODS CONFERENCE WITH BANKERS

January 4, 1945

Robert V. Fleming

Randolph Burgess

Edward Brown

William C. Potter

Percy Johnston

M. S. Szymczak

E. A. Goldenweiser

*Dan Bell
Harry White
Lindsay
Gastner
Bernstein*

140

1945 JAN 2 PM 12 03

WU13 25 6 EXTRA

WUX CD NEWYORK NY 2 1127A

HON HENRY MORGENTHAU JR

SECY OF THE TREASURY WASHDC

MR JOHNSTON LAID UP WITH HEAVY COLD AND BAD THROAT ~~FEARFUL~~ FEARFUL

WILL BE UNABLE TO COME TO WASHINGTON THURSDAY

M G RUSSELL ~~SECRETARY~~ SECRETARY TO MR PERCY H JOHNSTON.

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Exchange Stabilization

December 30, 1944

Mr. Percy H. Johnston
Chemical Bank and Trust Company
New York, New York

I have asked a few men, including Randolph Burgess, Robert V. Fleming and William C. Potter to meet with me on Thursday, January 4, 1945, at my office for a discussion of the Bretton Woods program. I should like to have you join us in this discussion. I hope you will find it possible to come. We expect to begin at 9:30 a.m.

Henry Morgenthau, Jr.
Secretary of the Treasury

142

1944 DEC 29 PM 2 53

W47G64WASH L44 SLC 29-1218

HONORABLE HENRY MORGENTHAU JR, SECRETARY OF THE TREASURY

I REGRET PREVIOUS COMMITMENT AND PLANS ARE SUCH THAT IT
WILL NOT BE POSSIBLE FOR ME TO MEET WITH YOU AND BANKER
REPRESENTATIVES JANUARY 4. SUGGEST IF DESIRE BOARD
REPRESENTATIVE AT CONFERENCE YOU INVITE SZYMCZAK AND GOLDENWEISER
M S ECCLES.

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OFFICIAL

DECEMBER 22, 1944

NIGHT LETTER

MR. MARRINER S. ECCLES
HOTEL BEN LOMOND
OGDEN UTAH

ON JANUARY FOUR MR. RANDOLPH BURGESS PRESIDENT OF AMERICAN BANKERS ASSOCIATION AND MR ROBERT FLEMING PRESIDENT OF THE RESERVE CITY BANKERS ARE COMING TO PRESENT THEIR VIEWS TO ME ON BRETTON WOODS. I HAVE SET THE WHOLE DAY ASIDE FOR THAT PURPOSE. WOULD VERY MUCH LIKE TO HAVE YOU HERE FOR THAT DAY.

HENRY MORGENTHAU JR.

144

1944 DEC 29 PM 4 09

WU43 19

CD NEWYORK NY 29 354P

HON HENRY MORGENTHAU JR

SECRETARY OF THE TRESURY WSHDCX WASHDC

HAVE CONVEYED ~~YOUR INVITATION~~ YOUR INVITATION TO PERCY JOHNSTON WHO
WILL BE AT YOUR OFFICE ACCOMPANIED BY MYSELF NEXT THURSDAY MORNING
WILLIAM C POTTER.

410P.

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CD NEWYORK NY DEC 23 133P 1944

HON HENRY MORGENTHAU JR

SECRETARY OF THE TREASURY

1944 DEC 23 PM 3 05

145
Percy Johnston

REFERRING TO YOUR TELEGRAM OF DECEMBER TWENTY SECOND
I AM JUST ONE OF NINE MEMBERS OF A COMMITTEE OF NEWYORK
STATE BANKERS OF WHICH MR PERCY H JOHNSTON IS CHAIRMAN STOP
THIS COMMITTEE HAS NOT YET CONCLUDED ITS WORK AND
OUR CHAIRMAN IS AWAY UNTIL JANUARY SECOND STOP I DO
NOT SEE HOW I CAN ACCEPT YOUR INVITATION WITHOUT
CONSIDERABLE PERSONAL EMBARRASSMENT

WILLIAM C POTTER.

305P.

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CONFIRMATION
OF TELEGRAM

Guaranty Trust Company of New York
140 Broadway, New York

148

MAIL
TO



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

DATE 12/23/44

REFER REPLY TO

DEPARTMENT

DIVISION

MESSAGE NUMBER

WE SENT YOU THIS MESSAGE TODAY; PLEASE ADVISE US OF ANY ERRORS OR OMISSIONS IN THE MESSAGE AS RECEIVED BY YOU.

THIS
CONFIRMATION IS
NOT VALID UNLESS
SIGNED BY ONE
AUTHORIZED TO
SIGN FOR THE
COMPANY

Referring to your telegram of December twenty-second I am just
one of nine members of a Committee of New York State Bankers
of which Mr. Percy H. Johnston is Chairman stop This Committee
has not yet concluded its work and our Chairman is away until
January second stop I do not see how I can accept your
invitation without considerable personal embarrassment.

William C. Potter.

OFFICIAL

DECEMBER 22, 1944

NIGHT LETTER

MR. WILLIAM C. POTTER
GUARANTY TRUST COMPANY
140 BROADWAY
NEW YORK NEW YORK

ON JANUARY FOUR MR. RANDOLPH BURGESS PRESIDENT OF AMERICAN BANKERS ASSOCIATION AND MR ROBERT FLEMING PRESIDENT OF THE RESERVE CITY BANKERS ARE COMING TO PRESENT THEIR VIEWS TO ME ON BRETTON WOODS. I HAVE SET THE WHOLE DAY ASIDE FOR THAT PURPOSE. WOULD VERY MUCH LIKE TO HAVE YOU HERE FOR THAT DAY

HENRY MORGENTHAU JR

148

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION (48)

A. N. WILLIAMS
PRESIDENT

SYMBOLS
DL = Day Letter
NL = Night Letter
LC = Deferred Cable
NLT = Cable Night Letter
Ship Radiogram

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CA647 NL PD=CHICAGO ILL 26
 THE HON HENRY MORGENTHAU, JR=
 SECRETARY OF THE TREASURY WASHDC=

DEC 26 PM 8 52
 470

I WILL BE IN WASHINGTON JANUARY FOURTH FOR CONFERENCE DUE TO
 ARRIVE ON CAPITOL AT EIGHT-THIRTY AM. I WILL HAVE TO LEAVE ON
 THE CAPITOL THAT AFTERNOON AS I HAVE A DIRECTORS MEETING
 FRIDAY THE FIFTH IN CONNECTION WITH BANK ORGANIZATION MATTERS
 FOR THE COMING YEAR WHICH I MUST ATTEND=

EDWARD E BROWN.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

OFFICIAL

DECEMBER 26, 1944

MR. EDWARD BROWN
FIRST NATIONAL BANK
CHICAGO ILLINOIS

ON JANUARY FOUR MR. RANDOLPH BURGESS PRESIDENT OF AMERICAN BANKERS ASSOCIATION AND MR ROBERT FLEMING PRESIDENT OF THE RESERVE CITY BANKERS ARE COMING TO PRESENT THEIR VIEWS TO ME ON BRETTON WOODS. I HAVE SET THE WHOLE DAY ASIDE FOR THAT PURPOSE. WOULD VERY MUCH LIKE TO HAVE YOU HERE FOR THAT DAY

HENRY MORGENTHAU JR

December 14, 1944

MEMORANDUM FOR THE SECRETARY

Reminder

You wanted me to remind you to call Messrs. Potter and Brown in order to make arrangements for their participation in the Fund and Bank discussion on January 4, 1945.

At some later date, you will also want to notify Messrs. Burgess and Fleming of the precise hour of their appointment.

CR

Memorandum of a Meeting
January 4, 1945

Present: The Secretary, Mr. Bell, Mr. White, Mr. Lufford
and Mr. Bernstein of the Treasury
Mr. E. E. Brown of the Federal Reserve Advisory Council
Mr. Burgess of the American Bankers Association
Mr. Fleming of the Reserve City Bankers Association
Mr. Potter of the New York State Bankers Association
Mr. Szymczak and Mr. Goldenweiser of the Federal
Reserve Board

The Secretary expressed his gratification that representa-
tives of the various banking groups have come to discuss the
Bretton Woods program. He said the exchange of views should be
helpful and he asked Mr. Burgess, who had requested the meeting,
how he wished to proceed.

Mr. Burgess explained that the American Bankers Association
and the Association of Reserve City Bankers appointed committees
to study the Bretton Woods agreements. These committees had
worked together. The New York State Bankers Association had a
committee of its own which worked independently. Mr. Burgess said
that the joint committee of the associations represented by him
and Mr. Fleming had come to their conclusions. Mr. White inquired
whether the conclusions were final or were still open for discus-
sion. Mr. Burgess replied that the conclusions were determined,
but that they would not be final until released.

Mr. Burgess read the conclusions of a report recommending
that the Fund be disapproved because it would give credit auto-
matically to countries which were not credit worthy. The report
recommends that the functions of the Fund be given to the Bank
without increasing its capital. The Bank should be empowered to
make stabilization loans. The American governor and director of
the Bank should be appointed by the President with the advice
and consent of the Senate. A committee of government agencies
should be set up to guide the work of the governor and the director.
This committee should include representatives of the Departments
of State, Treasury and Commerce, the Federal Reserve Board,
Federal Reserve banks, and the Export-Import Bank. The American
governor and director should be required to make frequent consul-
tation with Congressional committees. The report also recommended
that the capital of the Export-Import Bank be increased to \$2
billion.

After Mr. Burgess had completed his statement of the con-
clusions of the two committees, the Secretary said that his own
position on these questions had always been clear. Since he came

to the Treasury he has fought steadily for stabilization inside and outside the country. Under the leadership of the Treasury, positive action was taken to secure international monetary cooperation through the Tri-Partite Declaration and in other ways. The Bretton Woods program is the culmination of this policy of international cooperation. The Secretary went on to say that his relationship with the banks had always been cordial. He had secured fine cooperation from them on war bonds and as a consequence the bankers have risen in public esteem. They now have the confidence of the public in much higher measure than ever before. He feared that such a report on the Fund would affect the esteem in which the bankers are held.

The Secretary discussed briefly the importance of the Bretton Woods program. It is the first international agreement on vital economic matters. The problem of stabilization is an urgent one that will become critical as soon as the war is over. The Treasury has long been conscious of this and began the study of means to secure international cooperation on monetary and financial matters. We have gone through the difficult task of consultation with a large number of countries. Now forty-four countries have agreed on a program. The Secretary said he realized that nobody could be satisfied with every provision in the Fund and the Bank. Nevertheless, both are essential. If we try to change the Bretton Woods agreements in an attempt to satisfy the wishes of any one group, we will start a similar movement in other countries. If the documents were thrown open for amendment we would be overwhelmed with proposals for change in this and in other countries. The ultimate effect would be to destroy any prospect of international cooperation.

The Bretton Woods agreements represent long and careful work, the Secretary continued. The American technicians have worked on the proposals for years and have consulted with many groups in this country. The best experts in the world have cooperated in preparing the agreements for the Fund and the Bank. Even from the standpoint of the bankers it would be a grave error to endanger what has already been done by opposing the Fund. The Secretary expressed the opinion that if the bankers follow this policy they would be suspected of attempting to wreck the agreements. He had listened carefully to all that had been said and he believes that the suggestions ready by Mr. Burgess are not important enough to justify opposition to the agreements. It is of little significance, he emphasized, whether we have one or two institutions. No doubt some provisions are not perfect, and it may be that experience will show that ultimately some changes should be made. But the Bretton Woods agreements are of international significance. There are so many points of difference now with our Allies that it is a grave responsibility to endanger the success of the Bretton Woods program.

- 3 -

The Secretary asked the bankers to rise above the objections. He proposed that they file a statement of their suggestions in their report, but that they come out for approval of the Bretton Woods agreements. He emphasized again that this is a non-partisan question of vital importance to the future of international cooperation. Only yesterday he had spoken to Senator Tobey and Congressman Wolcott and they assured him that they are with him in putting through the Bretton Woods agreements. The Secretary added that the President is behind the program and that he has been so assured by the President. The Government and the Treasury believe that the Bretton Woods agreements are urgently necessary and we shall fight for the agreements. The Secretary said we do not want to be put in the position of fighting the bankers on what are not, in his view, fundamental issues. We have a common interest in proving to the world the breadth of vision of our financial leadership. The problems are here; we need international cooperation to solve them. It would be a pity if our banking groups were to oppose so vital a step for international cooperation.

In response to a request from the Secretary, Mr. Brown discussed briefly his view of the conclusions expressed by Mr. Burgess. He said that the attitude of the American Bankers Association and the Reserve City Bankers Association is most unfortunate. In his opinion, there is no chance whatever to put through the amendments on the Fund that they are proposing, and insistence on them would have the effect of wrecking the agreements. In fact, none of the objections that have been put are important enough to warrant any step that would risk a breakdown of the present agreements.

Mr. Potter said that he was speaking as an individual. He has no conclusion to report from his committee; in fact, the report of his committee is not yet ready. They have reached some tentative views, but they are not final. He said he wanted to make it clear that the bankers had no desire to wreck anything. He indicated that he agreed with most of the objections stated by Mr. Burgess. Mr. Fleming said that he did not like the mechanics of the Fund agreement. He felt that if dollars, sterling or francs were used, it should be only after consultation with the representative of the country whose currency is sought and only with his approval. He felt this change ought to be made. The Secretary again pointed out that if we attempt any such change in the agreement, we must be prepared to see other countries propose other changes. The end result would be no agreement whatever.

Mr. Burgess said that the United States is putting up most of the money; and he thinks the Bretton Woods agreements should be

changed to suit us. The Secretary agreed that time might show that some provisions of the agreement ought to be changed, but that could only be shown by experience. Certainly no objection had been presented which was sufficiently strong to warrant making any changes now. He added that he had been watching the British press carefully. If any attempt is made to change the document, Britain and others will propose innumerable changes of a kind not welcomed by the bankers. The Secretary again stated his view that the American Bankers Association and the Association of Reserve City Bankers ought to express their views. But it would be far wiser if they stated their suggestions and concluded, nevertheless, with support for the agreements. Any other attitude, if it caused reopening of the document, could only have the effect of destroying the program for international cooperation.

Mr. Potter inquired about the position of the British press on the Bretton Woods agreements. Mr. White was of the opinion that discussions in England bear out what the Secretary and Mr. Brown had said. There is a large segment of the press that believes these agreements curtail British freedom of action. This is obviously just the opposite of the criticisms in this country. The Secretary added that the British were extremely fearful that the International Monetary Fund comes too near to being the gold standard.

Mr. White said that as he saw it the only significant difference between the Fund document as it stands and the views of the bankers is on the use of the resources. He asked specifically for any other provisions they oppose. Mr. White then went on to say that we have fought very hard with other countries to get a conservative approach to the problem. The British had wanted an absolute right to draw. They held that if countries undertake the obligations of membership -- to maintain stable exchange rates and to eliminate exchange controls -- they must have a second line of reserve on which they can count. Our own position had been from the beginning that the resources of the Fund should be used by a country only when it is pursuing a policy that carries out the objectives of the Fund. As we view it, that covers completely the concept of credit worthiness. Mr. Fleming agreed that the principal question was whether countries had a mandatory right of access to the Fund. Mr. Brown said that the document stated clearly that it was a conditional right. Mr. White pointed out that the greater part of the document was a series of safeguards placing conditions upon the use of the Fund's resources and providing for the ineligibility of a country to use the resources when it acts in a manner contrary to the purposes of the Fund. Mr. Luxford said the document was clear at every point that the

Fund could stop a country at any time if its use of the resources did not help stabilize exchanges. Mr. Bernstein read a part of the report of the Australian delegate to his government to show that it was clearly understood that a member of the Fund does not have access to the resources of the Fund if it pursues policies contrary to the purposes of the Fund including maintenance of stable exchange rates.

The meeting adjourned at 12:30 and was resumed again at 2:30.

Mr. Potter raised the question of how Russia fits into such a stabilization program. The ruble is not dealt with in the exchange markets and Russia has complete state control of its foreign trade. Mr. White replied that the significant thing was to get Russia to agree to these principles so that it would be morally bound to carry them out. In fact, Russia responds to changes in the balance of payments precisely like any other country. Instead of depreciating its exchange, it cuts its prices. The effect on other countries, of course, is the same as if it depreciates its exchange. Instead of instituting exchange restrictions, Russia could cut down its imports. The effect on other countries would be the same. He emphasized again that we should not let the peculiarity of the institutional arrangements in Russia blind us to the fact that Russia's policy in international economic relations could be just as disturbing to stable and orderly exchange arrangements as the policy of other countries. It is important, therefore, to have Russia a participant in the Fund and the Bank and to have it bound by the same standards as the rest of the world. Mr. Brown added that he was in full agreement with what Mr. White had said. For his part, he could not see how it would be possible to have orderly exchanges in most of Europe, in the Near East and in the Far East unless Russia were a member of the Fund and the Bank. Dr. Goldenweiser also discussed briefly the significance of Russian membership in the Fund and Bank.

Mr. Potter inquired how the English agreements with France, Belgium and the Netherlands affect the Fund. The Secretary said we were kept fully informed by the British on all of these matters. Mr. White pointed out that we knew of these agreements from the beginning. They are in complete harmony with the Fund proposal and will be helpful to it. Mr. Bernstein added that all of these agreements, as well as the Belgian-Netherlands agreement, provide the same technique on the provision of exchange for deficit countries as the International Monetary Fund.

Mr. White again asked whether it would be possible to have a brief consideration of the point in the bankers' memorandum that the functions of the Fund could be transferred to the Bank. He

inquired what provisions of the Fund agreement, other than the one on the sale of exchange, could be omitted if the Fund and the Bank were combined. No detailed reply was made.

After a brief discussion of some other points, Mr. Potter said that he thought we had had a very good session. All that had been said had made some effect on their views. He wanted the Treasury to know that it would not flow off like water from a duck's back. They would now go back and see their committees.

The Secretary again presented what he regarded as the proper approach for the bankers. He saw no reason why they should not make a statement of their suggestions in full. These technical points could be included as part of their report. But after making whatever technical suggestions they believed desirable, the conclusion of their report must be clear that they would approve these agreements because of the importance of international monetary and financial cooperation. Otherwise, the Secretary felt sure that if the agreements were reopened, there would be no international monetary cooperation in the end. The Fund and the Bank are too important to be imperilled because of doubt on one point. Mr. Burgess said that if it were this or nothing, he would take this. Mr. Potter and Mr. Fleming agreed. The Secretary emphasized that he believes it is this or nothing, and that the bankers' report ought to be based on recognition of this fact.

The Secretary thanked them for coming to the Treasury and discussing the question with him and his staff. He expressed the hope that their report would show the effects of the meeting.

Minutes of Luncheon Conference at
Blair House, January 4, 1945

Attending the luncheon were the following representatives of the State Department:

Secretary Stettinius
Under Secretary Grew
Assistant Secretary Acheson
Assistant Secretary Clayton
Assistant Secretary Rockefeller
Mr. Dunn
Mr. Eberhardt
Mr. Pasvolsky
Mr. Matthews

Secretary Stettinius invited Secretary Morgenthau, Mr. Gaston, Mr. Bell and myself to meet the top staff of the State Department and discuss some matters of interest to both departments. Mr. Bell was unable to go as he had to replace the Secretary in entertaining the bankers who had come to discuss Bretton Woods.

After lunch Mr. Stettinius asked the Secretary to say a few words. The Secretary mentioned his pleasure in meeting the new group and stated his desire to promote close cooperation between the Treasury and State. He said that the Treasury would be very glad to go 75 percent of the way and that he assured them everybody in the Treasury would make every effort to work smoothly and cooperatively with the State Department people.

Several others around the table were called upon to comment and expressed assurances of full cooperation between the two departments.

Stettinius then said that he had several matters of business to take up with the Secretary. Grew, Acheson, Clayton, Matthews, Secretary Morgenthau, Gaston and White remained and the others left.

Mr. Stettinius first spoke of the over-all financial committee and said that further discussion of that subject

- 2 -

would have to await some further talk that he was going to have with Secretary Morgenthau. He pointed to a particular paragraph in the memorandum which he had. (I presume it related to the question as to who was to be chairman of the committee, but I am not sure.) He said that he wanted to discuss it with the Secretary. (On the way home the Secretary remarked that he thought there was something in the wind, possibly of Henry Wallace playing a role in the picture that may have led to Stettinius' vagueness in postponing further discussion on the proposed financial committee.)

Stettinius then brought up the question of lend-lease to France. Mr. Clayton explained that there was a new lend-lease arrangement proposed to be negotiated with France and suggested that Mr. Crowley, himself and a Treasury representative get together and prepare recommendations for action to be taken on the new lend-lease proposal. Secretary Morgenthau called their attention to the telegram which the Treasury had sent to Quebec stating the Treasury's views on the last proposed arrangement with France. He suggested that Clayton acquaint himself with the contents of that telegram. The Secretary said he had also spoken to Stettinius and, if he remembered correctly, that Stettinius had agreed with Secretary Morgenthau that we "sit on" the proposal. Secretary Morgenthau explained that he thought that there would be grave objections to utilizing the lend-lease funds for purposes of rehabilitation and reconstruction in France and that also France had considerable foreign exchange resources and should utilize some of them before expecting assistance from us. Mr. Stettinius agreed and said that that arrangement which had been contemplated last fall had been so effectively sat upon by Secretary Morgenthau that it was now dead; that the new proposed arrangement was of a different character. Clayton explained that the new lend-lease arrangement dealt exclusively with military aid and Mr. Morgenthau said that White would meet with them and help formulate our recommendations. Mr. Clayton was to get in touch with White and Crowley in a day or two.

Mr. Stettinius then mentioned something about the German program. The Secretary said that so long as they were on that subject and since the spirit of the luncheon

was to determine how cooperation between the two departments could be improved he would like to speak freely on the fact that we were getting nothing from the State Department on any work they were doing or any cables or material dealing with the proposed plans for Germany. He pointed out that in contrast Mr. McCloy was providing us with everything, and that the Treasury had to hear from the War Department what the views of the State Department were. He said that so far as he knew the committee which the President had appointed, consisting of State, War and Treasury, to consider the long-range plans for Germany had not been terminated. He said he thought it was unfortunate that though there were three sides to the triangle apparently only two were recognized by the State Department.

Mr. Matthews spoke up to say that the conferences which had been taking place in the War Department on 1067 were called at the instance of Mr. McCloy; that it was not the State Department's responsibility or business to say who should be invited; that Mr. McCloy had invited the State Department and it seemed to him that if Treasury had any complaints they should be to Mr. McCloy and not to the State Department. The Secretary seemed unimpressed with that view and repeated that we were getting everything from the War Department and nothing from the State Department. Mr. Stettinius said that that would have to be taken care of.

The Secretary said that from the reports some of his boys who had been talking with Despres and some of Matthews' men he was encouraged to believe that State and Treasury were not too far apart on their views on the German situation and he asked Mr. Stettinius for an hour of Mr. Stettinius' time so that he could come over personally and tell him and any of his staff that he cared to have present what the so-called Morgenthau Plan was. He didn't believe that Stettinius had had an opportunity to hear, at least from himself, just what it was that he was proposing. Mr. Stettinius said he would be very glad to hear about it and he would like to have some of his staff present. It was agreed that some time soon Secretary Morgenthau would see Mr. Stettinius to discuss the German proposal with him.

Stettinius indicated to Clayton that he thought it would be necessary for him to get a first-rate liaison man between

- 4 -

State Department and Treasury on financial and economic matters-- someone to replace Collado. Clayton mentioned a new man, Ed Mason, and we indicated he would be quite satisfactory.

Secretary Morgenthau told Mr. Stettinius that he liked Mr. Yost, whom Mr. Stettinius had appointed to be liaison man to keep Secretary Morgenthau informed on matters of interest to the State Department which we are discussing.

H. D. White

January 4, 1945.

Memorandum

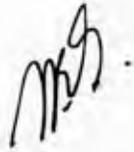
TO: Secretary Morgenthau

FROM: Mr. Gaston

Sam Rosenman got me on the phone at 3:00 o'clock to tell me that he had made our corrections on the speech draft putting in all but two of the six inserts. The two omitted were Insert D, relating to housing, and Insert E, relating to education. He could not say what would be the result on the final shakedown. He said, however, he might call me tomorrow morning, after the revised draft had been examined, to ask me to do anything that might have been called for and since fast action would be necessary he would probably ask me to come over.

Copies to:

Mr. D. W. Bell
Mr. O'Connell
Mr. DuBois
Mr. Blough
Mr. Haas



January 4, 1945, 152
4:53 p.m.

HMJr: Hello.

Operator: Judge Vinson.

HMJr: Hello.

Fred
Vinson: Yes.

HMJr: Fred.

V: Henry, how are you?

HMJr: Fine. I got the message from Prichard to Joe O'Connell to me about yourself -- in reference to yourself on this tax part in Byrnes' speech -- message. Hello?

V: Yes.

HMJr: I don't know whether you know what Prichard sent word to me.

V: No, I didn't know what Prichard said.

HMJr: Well, he just wanted -- he wanted to reassure me that your office had nothing to do with it and opposed it. Hello?

V: Yes.

HMJr: You seem speechless.

V: No, I

HMJr: Well, anyway

V: Yeah.

HMJr: the purpose of my calling up was to say I didn't have to have Prichard call me but I appreciate it and I didn't suspicion that you had anything to do with it.

V: Well, I -- I think the statement that went in was a statement that he obtained from another source.

HMJr: Yeah.

V: Although, frankly, I don't see any objection to the -- increasing the \$10,000 limit to \$25,000, and to the proposal in regard to the refund.

HMJr: Well, it was just the fact -- the way it was done, Fred, that was all.

V: Well, I can understand that. I've made a

HMJr: I mean

V: very careful

HMJr: after all, if they'd shown it to you -- I understand it was Stem who wrote the damn thing.

V: Well, that's the way I understood it.

HMJr: And, after all, we're here and supposed to be part of Mr. Roosevelt's official family and those things hurt, you know.

V: It is my understanding he got it from Stem.

HMJr: Yeah. That's what I understand.

V: Well, I think that in regard to the deprecia -- the accelerated depreciation, that's a subject of such complexity

HMJr: Yes.

V: that it's a question of what kind of accelerated

HMJr: Well, if we'd had a chance -- I mean, after all, the President sends us over his message on the state of the nation and he sends us over his budget message and we work on it and have ample time and try to make whatever contribution we can. And I feel that's what we're here for.

V: Yeah.

HMJr: But in Mr. Byrnes' case, he just ignored us and -- well, those things in these difficult times, I don't think make a good feeling. And my only purpose in calling was, I thought it was very nice of Prichard -- I gather you didn't know he called

- 3 -

V: No, but it's perfectly all right.

HMJr: But he said he wanted to be sure that I got the message and I was just calling up to say, "Thank you," and to say that I didn't have to get any message because I know my Fred Vinson.

V: Well, I'm just the same old fellow.

HMJr: Yeah.

V: I've been -- I hope I'm the same old fellow -- I may be a little worse for wear but

HMJr: Now, I hope I haven't got Prichard in trouble by calling.

V: Oh, no, not at all. Oh, no.

HMJr: But he called up, I gather, in the interest of harmony and -- and after all, we're

V: Well, Prich knows my views in regard to the Treasury and to you.

HMJr: And

V: That's perfectly all right.

HMJr: we had a great day with the bankers today.

V: You did?

HMJr: Yeah. We had Burgess and Bob Fleming here -- and Potter -- Burgess representing the A.B.A. and Potter the Reserve -- the bankers have agreed that they will go back and recommend to their organizations that they file their complaints but say if it's this or nothing, they're for Bretton Woods, which is a complete reversal on their part.

V: Well, that is going some.

HMJr: It's a complete reversal.

V: I've talked to Bob Fleming about it in a general way and Bob's always been very cooperative.

HMJr: Well, this morning they were ready to report -- they were going to file against it and I pleaded

HMJr:
Cont'd.

for them to be broadminded in the interest of world unity and that they wouldn't do the bankers any good by starting to attack the government and forty-four nations. And they came back after lunch and said as free citizens they would file their reasons why they were against it but if it meant -- if it was this or nothing, they wanted to see Bretton Woods go through.

V: Well, of course that is a sort of a double-edged thing. Maybe it was the best you could get out of it

HMJr: Well

V: but it's better than

HMJr: when you consider they've been taking the position for twelve months that they're opposed to it, we think it's a great victory and they consider -- Ned Brown was very happy and said it was a great victory for the Treasury.

V: Well, I -- I think that it was a victory, too.

HMJr: And I'm looking forward to seeing you Monday, I hope.

V: All right, Henry.

HMJr: Thank you.

V: You bet.

January 4, 1945
4:55 p.m.

PRE-PRESS

Present: Mr. D. W. Bell
Mr. Shaeffer
Mr. Leahy
Mr. Coyne
Mr. Little
Mrs. Klotz

H.M.JR: Have you any bright ideas for me?

MR. COYNE: This is the technical accomplishment to hand out (hands Secretary Press Service 44-61).

And here are some figures you might give to the boys (hands Secretary attachment A).

H.M.JR: What is this?

MR. COYNE: It is lineups of prior drives in case they should ask for documentation of the fact that this is the most successful drive to date.

H.M.JR: This is one hundred and seventy-five percent of what? I don't get that.

MR. COYNE: That is the over-all percentage. Here (indicating) we have the national, one hundred and fifty-four percent of the over-all, twenty-one billion against fourteen billion.

Here are E's (indicating) one hundred and fourteen percent, and here are the "individuals." This is a preliminary figure, but it is about right. And here (indicating) is the "all others," one hundred and seventy-five percent.

H.M.JR: What are "all others"?

MR. COYNE: Corporations.

H.M.JR: They were one hundred and seventy-five?
This is good.

MR. COYNE: They might ask you some questions that
would--

MR. LITTLE: The only spot where it didn't go over all
previous drives is in "individuals" in the Second Drive.
All other parts of the drive have exceeded all other drives.

H.M.JR: "All others" means corporations other than
individuals--everything except individuals.

MR. LITTLE: In fact, in the five previous drives
the only thing that has been better is "individuals" in
the Second Drive as against the quota.

MR. BELL: Is that true against quota?

MR. LITTLE: Yes, according to our records.

MR. BELL: What drive is better.

MR. LITTLE: The "individual" quota for the Second
Drive was greater than this one.

MR. BELL: That is the two and a half quota against
three billion two hundred and ninety. Is that right?

MR. LITTLE: Two and a half against--

H.M.JR: Do the boys know this is devoted to the
Sixth War Loan?

MR. SHAEFFER: They were told that, but I suspect they
will try to get in a couple other questions on you.

MR. COYNE: There may be a couple other questions in
relation to the date of the next drive, also your opinion

- 3 -

as to whether or not the new German offensive had any effect on the drive.

H.M.JR: That isn't what I am worrying about.

MR. SHAEFFER: No, it should be devoted to the Sixth War Loan.

MR. LITTLE: It is all right for this to leave Mr. Shaeffer's hands. It won't get out until tomorrow morning's papers.

H.M.JR: I would rather have it in tomorrow morning's papers. Is there any reason why it shouldn't be?

MR. COYNE: I think not.

MR. SHAEFFER: We can tell them the approved copy came in this way.

H.M.JR: I am going to say tomorrow morning, but otherwise if it goes to different wire services--morning and evening--

MR. LITTLE: The morning wire gives it a little better play.

H.M.JR: I am going to tell them it is for morning release. Do they have copies?

MR. SHAEFFER: Yes, they will have them.

MR. BELL: Did you give them to them outside?

MR. SHAEFFER: Yes. I didn't, Dillon did.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE
Thursday, January 4, 1945

Press Service
No. 44-61

Secretary Morgenthau today announced the final figures on the Sixth War Loan. Total subscriptions for each of the securities offered in this Drive were as follows:

(In Millions of Dollars)

E Savings Bonds	\$ 2,868
F and G Savings Bonds	719
Savings Notes	2,429
7/8% Certificates	4,405
1 1/4% Treasury Notes	1,550
2% Treasury Bonds	6,939
2 1/2% Treasury Bonds	<u>2,711</u>
Total	\$21,621

The national quota of \$14,000,000,000 was exceeded by more than 50% and the E bond quota by \$368,000,000.

Preliminary figures indicate that subscriptions by individuals aggregated about \$5,900,000,000, exceeding that quota by \$900,000,000.

In addition to those which applied to the Drive, the Treasury received subscriptions from commercial banks, based on their savings deposits, which aggregated \$1,014,000,000, of which \$886,000,000 were for the 2% Treasury bonds.

-oOo-

(in million)

6th War Loan

	<u>NATIONAL</u>	<u>PERCENTAGE</u>	<u>E'S</u>	<u>PERCENTAGE</u>	<u>INDIVIDUAL</u>	<u>PERCENTAGE</u>	<u>ALL OTHERS</u>	<u>PERCENTAGE</u>
Quota	14,000.		2,500.		5,000.		9,000.	
Results	21,621.	154.4	2,868	114.7	5,875	117.5	15,746.	175.0

5th War Loan

Quota	16,000.		3,000.		6,000.		10,000.	
Results	20,639.	129.0	3,036.	101.2	6,351.	105.8	14,288.	142.9

4th War Loan

Quota	14,000.		3,000.		5,500.		8,500.	
Results	16,730.	119.5	3,187.	106.2	5,309.	96.5	11,421.	134.4

3rd War Loan

Quota	15,000.		3,000.		5,000.		10,000.	
Results	18,944.	126.3	2,472.	82.4	5,377.	107.5	13,567.	135.7

2nd War Loan

Quota	13,000.		None		2,500.		10,500.	
Results	18,555.	142.7	1,473.		3,290.	131.6	15,265.	145.4

1st War Loan

Quota	9,000.		None		None		None	
Results	12,947.	143.9	726.		1,593.		11,354.	None

More than 100,000 special industrial plant drives (including railroads) were carried on with an estimate of sales figured at 1.7 billions of dollars.

More than 250,000 schools participated with special activity and are credited with an estimated \$250,000,000 in sales. Of the schools 25,000 have earned the right to fly the special Schools-At-War flag.

The Sixth War Loan was the largest and most successful money-raising program ever known.

"Every American who bought a bond during the drive has a right to be personally proud of this result. Every American who performed any of the tremendous labor of the greatest financing operation in history has a right to be personally proud of this result. The American public manning the home-front has fought and won a major battle in this war."

In the sale of E Bonds the quota was exceeded by \$368,000,000; the total sales being \$2,868,000,000 against a quota of \$2,500,000. This is the greatest E Bond performance against quota of any drive.

Total-Individual-Sales-for-1943

Labor Unions and Railway Brotherhoods cooperated fully in the drive as did management and labor-management committees. The concert of action between these groups with the Treasury in the planning and execution of the drive contributed prominently to the drive's success in the payroll savings field. It is estimated that members of 50,000 local unions increased their participation in payroll savings to purchase extra bonds during the drive.

Federal employees (civilians) bought \$241,691,000 in War Bonds during the drive.

I want to thank the 6,000,000 volunteer workers and those who helped publicize the drive, including all types of advertising, promotion and news.

4-45

(in million)

6th War Loan

	<u>NATIONAL</u> 14,000.	<u>PERCENTAGE</u>	<u>E'S</u> 2,500.	<u>PERCENTAGE</u>	<u>INDIVIDUAL</u> 5,000.	<u>PERCENTAGE</u>	<u>ALL OTHERS</u> 9,000.	<u>PERCENTAGE</u>
Quota								
Results	21,621.	154.4	2,868	114.7	5,875	117.5	15,746.	175.0

5th War Loan

Quota	16,000.		3,000.		6,000.		10,000.	
Results	20,639.	129.0	3,036.	101.2	6,351.	105.8	14,288.	142.9

4th War Loan

Quota	14,000.		3,000.		5,500.		8,500.	
Results	16,730.	119.5	3,187.	106.2	5,309.	96.5	11,421.	134.4

3rd War Loan

Quota	15,000.		3,000.		5,000.		10,000.	
Results	18,944.	126.3	2,472.	82.4	5,377.	107.5	13,567.	135.7

2nd War Loan

Quota	13,000.		None		2,500.		10,500.	
Results	18,555.	142.7	1,473.		3,290.	131.6	15,265.	145.4

1st War Loan

Quota	9,000.		None		None		None	
Results	12,947.	143.9	726.		1,593.		11,354.	None

172

States which had made their All-Investor Quotas by January 4, 1945

(Sales in millions of dollars)

State	Sales	Quota	Percent achieved	State	Sales	Quota	Percent achieved
Alabama.....	\$ 134	\$ 97	138%	New Mexico.....	\$ 21	\$ 15	138%
Arizona.....	37	25	147	New York.....	6,653	4,226	157
Arkansas.....	64	44	144	North Carolina.....	245	121	203
California-North....	490	385	127	North Dakota.....	46	29	160
-South....	588	451	130	Ohio.....	1,047	713	147
Colorado.....	94	74	127	Oklahoma.....	135	90	150
Connecticut.....	620	375	166	Oregon.....	157	107	146
Delaware.....	57	48	120	Pennsylvania.....	1,291	938	138
District of Columbia	141	94	150	Rhode Island.....	147	79	186
Florida.....	161	127	127	South Carolina.....	78	49	159
✓ Georgia.....	161	130	124	South Dakota.....	46	29	160
Idaho.....	34	23	146	Tennessee.....	217	117	186
Illinois.....	1,526	1,034	148	Texas.....	591	414	143
Indiana.....	362	239	151	Utah.....	56	34	164
Iowa.....	321	178	180	Vermont.....	40	24	168
Kansas.....	142	98	144	Virginia.....	248	136	182
Kentucky.....	159	104	152	Washington.....	334	177	188
Louisiana.....	145	110	132	West Virginia.....	144	69	209
Maine.....	75	53	142	Wisconsin.....	385	253	152
Maryland.....	416	210	198	Wyoming.....	18	11	159
Massachusetts.....	1,016	706	144	Alaska.....	3	3	136
Michigan.....	631	472	134	Hawaii.....	42	20	210
Minnesota.....	397	215	185	Puerto Rico.....	30	7	424
Mississippi.....	75	47	160				
Missouri.....	422	276	153				
Montana.....	50	32	156				
Nebraska.....	130	94	139				
Nevada.....	14	11	126				
New Hampshire.....	72	33	218				
New Jersey.....	970	567	171				

Office of the Secretary of the Treasury, Division of Research and Statistics.

January 5, 1945.

173

States Which Had Made Their E Bond Quotas by January 4, 1945

(Sales in millions of dollars)

State	Sales	Quota	Percent achieved	State	Sales	Quota	Percent achieved
Alabama.....	\$ 35	\$ 30	117%	New Hampshire.....	\$ 8	\$ 7	110%
Arizona.....	11	8	132	New Jersey.....	98	94	104
Arkansas.....	20	17	117	New Mexico.....	7	5	144
California-North.....	110	102	108	New York.....	322	295	109
-South.....	121	115	105	North Carolina.....	40	34	117
Colorado.....	21	19	108	North Dakota.....	19	11	176
Delaware.....	6	6	103	Ohio.....	164	151	108
District of Columbia..	34	30	115	Oklahoma.....	36	29	126
Florida.....	36	31	117	Oregon.....	40	34	119
✓ Georgia.....	41	34	120	Pennsylvania.....	196	180	109
Idaho.....	12	9	129	South Carolina.....	20	16	126
Illinois.....	189	174	108	South Dakota.....	14	11	129
Indiana.....	72	68	106	Tennessee.....	34	30	112
Iowa.....	70	53	132	Texas.....	126	105	120
Kansas.....	43	38	112	Utah.....	14	12	114
Louisiana.....	31	31	101	Virginia.....	52	38	136
Maine.....	13	12	111	Washington.....	65	53	122
Massachusetts.....	87	87	100	West Virginia.....	23	21	110
Michigan.....	145	141	103	Wisconsin.....	65	55	118
Minnesota.....	62	55	112	Wyoming.....	6	3	197
Mississippi.....	23	18	130	Alaska.....	2	1	150
Missouri.....	67	63	107	Hawaii.....	14	10	142
Montana.....	16	10	156				
Nebraska.....	33	31	106				
Nevada.....	3	3	113				

Office of the Secretary of the Treasury
Division of Research and Statistics.

January 5, 1945

States which have made their Individual Quotas by January 4, 1945

(Sales in millions of dollars)

State	Sales	Quota	Percent achieved	State	Sales	Quota	Percent achieved
Arizona.....	\$ 18	\$ 15	121%	Nevada.....	\$ 8	\$ 6	137%
Arkansas.....	36	28	130	New Hampshire...	13	12	105
California-North.....	179	173	104	New Jersey.....	227	181	125
-South.....	222	202	110	New Mexico.....	11	9	121
Colorado.....	45	37	123	New York.....	996	800	124
Delaware.....	18	15	121	North Carolina..	92	61	151
District of Columbia.	53	46	116	North Dakota....	27	18	152
Idaho.....	19	14	137	Ohio.....	299	288	104
Illinois.....	395	351	112	Oklahoma.....	71	49	146
Indiana.....	130	120	108	Oregon.....	62	62	100
Iowa.....	140	98	143	Pennsylvania....	415	370	112
Kansas.....	75	63	119	South Carolina..	33	25	134
Kentucky.....	67	55	121	South Dakota....	23	19	123
Louisiana.....	58	56	103	Tennessee.....	72	61	118
Maryland.....	140	106	132	Texas.....	272	225	121
Michigan.....	247	228	108	Utah.....	22	18	125
Minnesota.....	123	103	120	Virginia.....	99	69	143
Mississippi.....	43	30	142	Washington.....	105	88	120
Missouri.....	139	118	118	West Virginia...	68	39	174
Montana.....	26	17	151	Wisconsin.....	124	107	116
				Wyoming.....	9	6	147
				Alaska.....	2	2	140
				Hawaii.....	16	11	144

Office of the Secretary of the Treasury,
Division of Research and Statistics.

January 5, 1945

States which made their Corporation Quotas by January 4, 1945

(Sales in millions of dollars)

State	Sales	Quota	Percent achieved	State	Sales	Quota	Percent achieved
Alabama.....	\$ 76	\$ 38	200 %	Montana.....	\$ 24	\$ 15	161 %
Arizona.....	18	10	185	Nebraska.....	79	42	187
Arkansas.....	27	16	169	Nevada.....	6	5	114
California-North..	311	212	147	New Hampshire.....	60	21	283
-South..	367	249	147	New Jersey.....	744	386	193
Colorado.....	49	37	131	New Mexico.....	10	6	163
Connecticut.....	535	284	188	New York.....	5,658	3,426	165
Delaware.....	39	33	119	North Carolina.....	153	60	255
District of Columbia	87	48	182	North Dakota.....	19	11	173
Florida.....	91	56	163	Ohio.....	748	425	176
√ Georgia.....	94	56	169	Oklahoma.....	63	41	154
Idaho.....	14	9	161	Oregon.....	94	45	210
Illinois.....	1,131	683	166	Pennsylvania.....	876	568	154
Indiana.....	232	119	195	Rhode Island.....	119	43	278
Iowa.....	181	80	226	South Carolina.....	44	24	185
Kansas.....	66	35	190	South Dakota.....	23	10	230
Kentucky.....	92	49	188	Tennessee.....	146	56	260
Louisiana.....	87	54	161	Texas.....	320	189	169
Maine.....	51	26	195	Utah.....	33	16	208
Maryland.....	276	104	265	Vermont.....	32	15	214
Massachusetts.....	846	533	159	Virginia.....	149	67	222
Michigan.....	385	244	158	Washington.....	228	89	257
Minnesota.....	274	112	244	West Virginia.....	76	30	254
Mississippi.....	33	17	192	Wisconsin.....	261	146	179
Missouri.....	284	158	180	Wyoming.....	9	5	174
				Alaska.....	1	1	130
				Hawaii.....	26	9	292
				Puerto Rico.....	25	1	2,482

Office of the Secretary of the Treasury, Division of Research and Statistics.

January 5, 1945.

States which had not made their Quotas by January 4, 1945

(Sales in millions of dollars)

State and Quota	Sales	Quota	Percent achieved	State and Quota	Sales	Quota	Percent Achieved
I. E Bond Quotas				II. Individual Quotas			
Connecticut.....	\$ 50	\$ 51	98%	Alabama.....	\$ 58	\$ 59	99%
Kentucky.....	26	27	97	Connecticut.....	85	91	94
Maryland.....	38	41	93	Florida.....	70	71	98
Rhode Island.....	14	15	95	Georgia.....	66	74	90
Vermont.....	4	5	96	Maine.....	24	27	90
Puerto Rico.....	3	4	64	Massachusetts.....	170	173	98
				Nebraska.....	51	52	99
				Rhode Island.....	28	36	77
				Vermont.....	8	9	92
				Puerto Rico.....	5	6	81

III. Corporation Quotas

All States have made their quotas

IV. All Investor Quotas

All States have made their quotas.

Office of the Secretary, of the Treasury,
Division of Research and Statistics.

January 5, 1945.

TREASURY DEPARTMENT
Washington

FOR IMMEDIATE RELEASE
Thursday, January 4, 1945

Press Service
No. 44-61

Secretary Morgenthau today announced the final figures on the Sixth War Loan. Total subscriptions for each of the securities offered in this Drive were as follows:

(In Millions of Dollars)

E Savings Bonds	\$ 2,868
F and G Savings Bonds	719
Savings Notes	2,429
7/8% Certificates	4,405
1 1/4% Treasury Notes	1,550
2% Treasury Bonds	6,939
2 1/2% Treasury Bonds	<u>2,711</u>
Total	\$21,621

The national quota of \$14,000,000,000 was exceeded by more than 50% and the E bond quota by \$368,000,000.

Preliminary figures indicate that subscriptions by individuals aggregated about \$5,900,000,000, exceeding that quota by \$900,000,000.

In addition to those which applied to the Drive, the Treasury received subscriptions from commercial banks, based on their savings deposits, which aggregated \$1,014,000,000, of which \$886,000,000 were for the 2% Treasury bonds.

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CONFIDENTIAL

Sales in Sixth War Loan
By issues and by classes of investors.
(In millions of dollars)

THIRD PRELIMINARY

Issue	Individuals, partnerships and personal trust accounts	Savings banks	Insurance companies	Dealers and brokers	Federal agencies and federal trust funds	State and local governments	Building & loan and savings & loan associations	Other nonbank investors	Grand total - all investors
Sales on									
E bonds.....									
F and G bonds.....									
Savings notes.....									
Certificates.....									
1-1/4% notes.....									
2% bonds.....									
2-1/2% bonds.....									
Total.....									

Sales cumulative through December 30, 1944

E bonds.....	2,868	-	-	-	-	-	-	-	2,868
F and G bonds.....	522	1	5	*	1	16	9	165	719
Savings notes.....	144	-	1	-	-	40	3	2,241 r	2,429
Certificates.....	339	46	150	64	11	523	27	3,243	4,405
1-1/4% notes.....	210	133	98	55	4	198	46	807	1,550
2% bonds.....	1,295	2,017	1,340	181	20	332	422 r	1,333	6,939
2-1/2% bonds.....	502	116	1,603	18	8	186	56	222	2,711
Total.....	5,882	2,313	3,197	317	42 r	1,297	564	8,009 r	21,621

Office of the Secretary of the Treasury, Division of Research and Statistics.

January 4, 1945.

Note: Sales of Savings bonds and Savings notes are cumulative since Nov. 1. Figures have been rounded and do not necessarily add to totals.

r Revised.

* Less than \$500,000.

Sales of Series E War Savings Bonds in the Sixth War Loan
Compared with Quotas, by States

CONFIDENTIAL

Cumulative as of Dec. 30, 1944

THIRD PRELIMINARY

(Dollars are millions)

State	Sales	Quota	Percent achieved to date	State	Sales	Quota	Percent achieved to date
Alabama.....	\$ 35	\$ 30	117%	New Mexico.....	\$ 7	\$ 5	144%
Arizona.....	11	8	132	New York.....	322	295	109
Arkansas.....	20	17	117	North Carolina.....	40	34	117
California-North.....	110	102	108	North Dakota.....	19	11	176
-South.....	121	115	105	Ohio.....	164	151	108
Colorado.....	21	19	108	Oklahoma.....	36	29	126
Connecticut.....	50	51	98	Oregon.....	40	34	119
Delaware.....	6	6	103	Pennsylvania.....	196	180	109
District of Columbia..	34	30	115	Rhode Island.....	14	15	95
Florida.....	36	31	117	South Carolina.....	20	16	126
Georgia.....	41	34	120	South Dakota.....	14	11	129
Idaho.....	12	9	129	Tennessee.....	34	30	112
Illinois.....	189	174	108	Texas.....	126	105	120
Indiana.....	72	68	106	Utah.....	14	12	114
Iowa.....	70	53	132	Vermont.....	4	5	96
Kansas.....	43	38	112	Virginia.....	52	38	136
Kentucky.....	26	27	97	Washington.....	65	53	122
Louisiana.....	31	31	101	West Virginia.....	23	21	110
Maine.....	13	12	111	Wisconsin.....	65	55	118
Maryland.....	38	41	93	Wyoming.....	6	3	197
Massachusetts.....	87	87	100	Alaska.....	2	1	150
Michigan.....	145	141	103	Hawaii.....	14	10	142
Minnesota.....	62	55	112	Puerto Rico.....	3	4	64
Mississippi.....	23	18	130	Other possessions.....	1	-	-
Missouri.....	67	63	107	Subtotal.....	\$ 2,803	\$2,500	112
Montana.....	16	10	156	Unallocated.....	+65	-	-
Nebraska.....	33	31	106	Grand total.....	\$ 2,868	\$2,500	115
Nevada.....	3	3	113				
New Hampshire.....	8	7	110				
New Jersey.....	98	94	104				

Office of the Secretary of the Treasury, Division of Research and Statistics.

January 4, 1945.

Note: This table includes sales since Nov. 1. Figures are rounded and do not necessarily add to totals. Percentages have been computed on unrounded figures.

Sales in Sixth War Loan Compared with Quotas, by States and by Classes of Investors

CONFIDENTIAL

Cumulative as of Dec. 30, 1944

THIRD PRELIMINARY

(Dollars are millions)

State	Individuals, partnerships and personal trust accounts					Corporations, associations and other investors			All investors		
	Sales			Quota	Percent achieved to date	Sales	Quota	Percent achieved to date	Sales	Quota	Percent achieved to date
	Series B	Other se- curities	Total								
Alabama.....	\$ 35	\$ 23	\$ 58	\$ 59	99 %	\$ 76	\$ 38	200 %	\$ 134	\$ 97	138 %
Arizona.....	11	8	18	15	121	18	10	185	37	25	147
Arkansas.....	20	17	36	28	130	27	16	169	64	44	144
California-North.....	110	69	179	173	104	311	212	147	490	385	127
-South.....	121	101	222	202	110	367	249	147	588	451	130
Colorado.....	21	25	45	37	123	49	37	131	94	74	127
Connecticut.....	50	35	85	91	94	535 r	284	188 r	620	375	166
Delaware.....	6	12	18	15	121	39	33	119	57	48	120
District of Columbia.....	34	19	53	46	116	87	48	182	141	94	150
Florida.....	36	33	70	71	98	91	56	163	161	127	127
Georgia.....	41	26	66	74	90	94	56	169	161	130	124
Idaho.....	12	8	19	14	137	14	9	161	34	23	146
Illinois.....	189	206	395	351	112	1,131	683	166	1,526	1,034	148
Indiana.....	72	58	130	120	108	232	119	195	362	239	151
Iowa.....	70	70	140	98	143	181	80	226	321	178	180
Kansas.....	43	32	75	63	119	66	35	190	142	98	144
Kentucky.....	26	40	67	55	121	92	49	188	159	104	152
Louisiana.....	31	26 r	58	56	103	87	54	161	145	110	132
Maine.....	13	11	24	27	90	51	26	195	75	53	142
Maryland.....	38	102	140	106	132	276	104	265	416	210	198
Massachusetts.....	87	83	170	173	98	846	533	159	1,016	706	144
Michigan.....	145	101	247	228	108	385	244	158	631	472	134
Minnesota.....	62	62	123	103	120	274	112	244	397	215	185
Mississippi.....	23	19	43	30	142	33	17	192	75	47	160
Missouri.....	67	71	139	118	118	284	158	180	422	276	153
Montana.....	16	10	26	17	151	24	15	161	50	32	156
Nebraska.....	33	19	51	52	99	79	42	187	130	94	139
Nevada.....	3	5	8	6	137	6	5	114	14	11	126
New Hampshire.....	8	4 r	13	12	105	60	21	283	72	33	218
New Jersey.....	98	129	227	181	125	744	386	193	970	567	171

(Continued on following page)

Sales in Sixth War Loan Compared with Quotas, by States and by Classes of Investors (Cont'd)

CONFIDENTIAL

Cumulative as of Dec. 30, 1944

THIRD PRELIMINARY

(Dollars are millions)

State	Individuals, partnerships and personal trust accounts					Corporations, associations and other investors			All investors		
	Sales			Quota	Percent achieved to date	Sales	Quota	Percent achieved to date	Sales	Quota	Percent achieved to date
	Series E	Other securities	Total								
New Mexico.....	\$ 7	\$ 3	\$ 11	\$ 9	121	\$ 10	\$ 6	163	\$ 21	\$ 15	138
New York.....	322	674	996	800	124	5,658	3,426	165	6,653	4,226	157
North Carolina.....	40	52	92	61	151	153	60	255	245	121	203
North Dakota.....	19	8	27	18	152	19	11	173	46	29	160
Ohio.....	164	135	299	288	104	748	425	176	1,047	713	147
Oklahoma.....	36	35	71	49	146	63	41	154	135	90	150
Oregon.....	40	22	62	62	100	94	45	210	157	107	146
Pennsylvania.....	196	219	415	370	112	876	568	154	1,291	938	138
Rhode Island.....	14	13	28	36	77	119	43	278	147	79	186
South Carolina.....	20	13	33	25	134	44	24	185	78	49	159
South Dakota.....	14	9	23	19	123	23	10	230	46	29	160
Tennessee.....	34	38	72	61	118	146	56	260	217	117	186
Texas.....	126	146	272	225	121	320	189	169	591	414	143
Utah.....	14	9	22	18	125	33	16	208	56	34	164
Vermont.....	4	3	8	9	92	32	15	214	40	24	168
Virginia.....	52	47	99	69	143	149	67	222	248	136	182
Washington.....	65	40	105	88	120	228	89	257	334	177	188
West Virginia.....	23	45	68	39	174	76	30	254	144	69	209
Wisconsin.....	65	59	124	107	116	261	146	179	385	253	152
Wyoming.....	6	2	9	6	147	9	5	174	18	11	159
Alaska.....	2	1	2	2	140	1	1	130	3	3	136
Hawaii.....	14	2	16	11	144	26	9	292	42	20	210
Puerto Rico.....	3	2	5	6	81	25	1	2,482	30	7	424
Other possessions.....	1	*	1	-	-	*	-	-	1	-	-
Subtotal.....	\$2,803	\$3,004	\$5,807	\$5,000	116	\$15,672	\$ 9,000	174	\$21,479	\$14,000	153
Unallocated.....	65	10	75	-	-	67	-	-	142	-	-
Grand total.....	\$2,868	\$3,014	\$5,882	\$5,000	118	\$15,739	\$ 9,000	175	\$21,621	\$14,000	154

Office of the Secretary of the Treasury, Division of Research and Statistics.

January 4, 1945.

Note: Sales of Savings bonds and Savings notes are cumulative since Nov. 1. Figures are rounded and do not necessarily add to totals. Percentages have been computed on unrounded figures.

* Less than \$500,000.

r Revised.

January 4, 1945
4:58 p.m.

HMJr: Joe, I just called up Fred Vinson to say,
"Thank you,"

Joe
O'Connell: Yeah.

HMJr: ... and he was speechless.

O: (Laughs) I was worried about that after I got
through talking to you.

HMJr: So I said I hoped that I didn't get Prichard in
trouble and -- of course, Vinson is awfully smart --
then he said, "Well, of course, Prichard always
knows my views."

O: Well, I'll be damned! As soon as I got through
talking to you I told Herbert that I hoped that
Vinson didn't express surprise when you called
him because certainly

HMJr: He was speechless.

O: Well, I'm embarrassed, because -- I don't know
that I should be, but I am a little.

HMJr: Why should you be embarrassed? Prichard calls
you up and tells you to tell me

O: That's right.

HMJr: that Fred Vinson had nothing to do with this
tax thing in Byrnes' speech.

O: That's right.

HMJr: I call up Vinson and say, "Thank you," and Vinson
is speechless.

O: Well, I'll be darned.

HMJr: Well, anyway, I said, "I hope I haven't got
Prichard in trouble." He said, "Oh, no."

O: Well

HMJr: Well, anyway, whatever it is.

O: Okay, Thank you, sir.

January 4, 1945

Dear Judge Rosenman:

The Secretary thought you would like to have the text of the statement on taxes issued yesterday by Congressman Doughton and Senator George, and I enclose an exact copy of it.

Sincerely,

(Signed Joseph J. O'Connell, Jr.

General Counsel

Hon. Samuel I. Rosenman,

The White House.

Enc.

JJO'G/kfa

Congress Tax Leaders Oppose Plan of Byrnes

Doughton and George See No Prospect of Major Changes at This Time

From the Herald Tribune Bureau

WASHINGTON, Jan. 3.—Congressional spokesmen on taxes and tax policy promptly reiterated today the Treasury's objections to the post-war tax proposals of James F. Byrnes, Director of the Office of War Mobilization and Reconversion.

In a joint statement Representative Robert L. Doughton, Democrat, of North Carolina, chairman of the House Ways and Means Committee, and Senator Walter F. George, Democrat, of Georgia said: "We see no prospect of any major changes in our tax laws—at best until after the war with Germany. We make no predictions as to what should be done at this time."

This apparently served to dispose of the recommendation for corporate and excess profits tax changes made by Mr. Byrnes in his recent over-all report to Congress. The Byrnes report, with respect to taxes, drew the fire of Henry Morgenthau jr., Secretary of the Treasury, who announced Tuesday that he had not been consulted by Mr. Byrnes or any member of his organization on the questions of taxes.

In making public the joint statement, Mr. Doughton said that he and Senator George were speaking as members of the Congressional joint committee on internal revenue taxation for post-war taxation—an unofficial organization created by a resolution adopted by the Joint Committee on Internal Revenue Taxation to deal with the current confused situation on post-war tax plans.

This unofficial committee, Mr. Doughton said, will meet "some time next week to continue consideration of tax problems relating to the transition and post-war period." Both he and Senator George expect the Congressional experts and those of the Treasury to present "material growing out of studies which have been carried on since last June."

Several efforts of the post-war taxation group to get together last month were abortive. Since the military set back in the war in Europe the tax experts have asked for more time to revamp their first estimate, which were based on a possible tax reduction on 1944 income.



TREASURY DEPARTMENT

WASHINGTON

MEMORANDUM

January 4, 1945

To: Secretary Morgenthau

From: J. W. Pehle

The Office of Surplus Property prepares regularly a list of all surplus items on hand in excess of \$50,000 in value (based on reported cost to the Government).

I shall continue to send copies of such reports to you monthly unless you indicate to the contrary. You may be interested in glancing over them.

A copy of the report for January 2, 1945, is attached.

A handwritten signature in cursive script, appearing to read "J. W. Pehle", is located in the lower right quadrant of the page.

Attachment.

PROPERTY FOR DISPOSAL

CURRENT BALANCE OF SPECIAL ITEMS IN EXCESS OF \$50,000

AS OF JANUARY 2, 1945

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
1. <u>Furniture</u>			
<u>PILLOWS, USED</u>	954 000	\$0.73	696 420
Some cotton, some feather, - mixed in bales.			
<u>MATTRESSES, NEW AND USED</u>	236 000	5.50	1 298 000
About 1/3 are new. State sanitary laws prevent the sale of used bedding. Substantial sales of used mattresses, for conversion into paper, take place regularly.			
<u>BED PARTS</u>			65 000
Springs, heads, feet, and side rails; un-assembled. An unbalanced stock.			
2. <u>Machinery</u>			
<u>CONSTRUCTION MACHINERY, HEAVY</u>	9 714	1,000.00 average	9 714 000
General inventory of heavy machinery, most of it used and in poor condition. Some very heavy, new pieces. In addition we have a heavy inventory of light machines, - tampers, jack-hammers, vibrators, etc.			
<u>DRILL, ROCK, REPLACEABLE TIP</u>	281 097	.25 average	70 933
In kegs and drums.			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT</u>
<u>GROUSERS</u>	43 853	\$3.00	131 559
Non-standard mud cleats for crawler-type tractors. They are nothing but sheared pieces of structural angle iron, with punched holes for bolting in place.			
<u>PALLETS, WOOD</u>	22 000		77 000
Used with industrial power trucks for stocking materials in storage.			
<u>PAVERS, 34E, NEW</u>	71	19,000.00	1 338 000
The largest size. Essentially a giant concrete mixer with boom device to carry concrete from mixer to road strip. These machines are usually rented by the contractor for a particular job.			
<u>PUMPS, VARIOUS, USED</u>	113		149 837
Water pumps Air compressors			
<u>3. General Products</u>			
<u>LAMPS, ELECTRIC</u>	450		63 900
Navy type. Aldis signalling light. New.			
<u>BRACKETS, ELECTRIC</u>	187 707		93 844
For outside wiring on pole or house. New. Believed to belong to R.F.C.			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOV</u>
<u>STOVES, ELECTRIC</u>	294		88 200
Removed from airplanes. New. Special type.			
<u>BARRELS, STEEL</u>	13 340		110 321
55 and 57.1 gals.			
<u>BATTERIES, FLASHLIGHT, NEW</u>	14 000 000	\$0.06 average	928 000
EA-30 standard cells. Program for sale to the trade and to Federal agencies, etc., is being executed in the field.			
<u>BATTERIES, DRY CELLS, AND PACKS</u>			150 000
Many types and sizes, in varying quantities. Ranging in cost from \$.05 to \$5.80.			
<u>BOXES, AMMUNITION, USED</u>	3 200 000	.57	1 800 000
23 ga. steel box, size 10 x 7 x 3 1/2, re- movable top, with collapsible handle. Used for 30 cal. ammunition. Painted olive drab. Frozen by Army.			
<u>CAMERAS, GUN</u>	1 010		215 426
Used.			
<u>CHARGERS, BATTERY</u>	3 024		61 689
110 volt, 60 cycle, single phase. Manu- facturer is interested in re-purchase. The Navy is also interested.			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT</u>
<u>CHESTS, ELECTRIC LIGHTING EQUIPMENT</u>	4 314		91 455
New and used. Portable Army Engineer's equipment.			
<u>CONTAINERS, FIBRE</u>	1 700 000		275 000
For ammunition. New and used.			
<u>CRATES, WOODEN</u>	7 000 000		1 700 000
New and used. Designed for packing artillery pieces and ammunition. Sales are being made by Regions.			
<u>CYLINDERS, STEEL</u>	1 277		66 280
For compressed gas. Used.			
<u>FUSES, ELECTRICAL, NEW</u>	250 000		50 000
All kinds and sizes.			
<u>HORSES</u>	2 200	\$165.00	333 000
Being sold regularly by auction. This represents average inventory.			
<u>OPTICAL GLASS PRESSINGS</u>	49 057		192 000
Prisms and lens blanks, ready for grinding. Being submitted to all lens grinding manufacturers (camera lens) for bids.			
<u>STORAGE BATTERIES</u>	1 000		55 000
All kinds and sizes, some very large ones costing \$1000 each. Some are scrap.			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>4. Automotive</u>			
<u>AUTOMOTIVE SPARE PARTS, NEW</u>	20 000 000		8 000 000
Included are large quantities of bolts, nuts, spark plugs, fuses, called "parts common", that can be used in any motor vehicle.			
<u>AUTOMOTIVE PARTS, OBSOLETE, USED</u>			2 000 000
Majority are used, having been taken from used vehicles and put in stock at Fort Crook, Nebr., and Blue Grass, Ky. Included are bodies, fenders, cowls, cabs, for obsolete military vehicles.			
<u>BENCH AND CABINET, WORK</u>	240	\$375.00	90 000
Wooden unit designed for auto mechanic's use. Regions have been authorized to sell.			
<u>HYDRAULIC FLUID</u>	378 459 gals.	1.74	658 580
Needs reprocessing for civilian use. Packed in 1 gal. cans. Regions have been authorized to sell. Will be advertised in a Surplus Reporter. Regions have been advised that ingredients will damage an automotive hydraulic system. Top offer received to date is 35¢ a gallon.			
<u>TIRES</u>	60 000	12.00 average	720 000
<u>DISINFECTORS, PORTABLE, FIELD</u>	19		51 585
New.			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT</u>
<u>5. Hardware</u>			
<u>REFRIGERATORS, ELECTRIC</u>	276		55 200
Removed from airplanes. New. Special aluminum type.			
<u>BLOCKS, ROPE</u>	6 800	\$31.90	216 920
Big pulleys for manila rope. Many types and sizes. Advertised in the new Surplus Reporter.			
<u>BOLTS</u>	11 300 000		4 000 000
All sizes and kinds. Includes quantities of large bolts, 18" long, with many kinds of different heads and nuts. Advertised in the Surplus Reporter.			
<u>BUOYS, USED</u>	11 331	33.63	381 062
Made to support submarine nets. Barrel shaped, steel, with eye bolts. 175 gal. capacity.			
<u>CABINETS, TOOL</u>	12 000	15.00	180 000
Will be advertised in Surplus Reporter. About 2 ft. x 3 ft. with 7 drawers.			
<u>CARTS, HAND</u>	5 864	28.30	165 951
New and used. Various kinds. Advertised in the December Surplus Reporter.			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>CHINAWARE</u>	2 211 000		380 140
Crew's mess gear - heavy ware.			
<u>COMPASS</u>	623 000	\$1.50	934 500
Pocket watch types, vehicular types, and Lensatic types. Majority are pocket types. Will be advertised in new issue of the Surplus Reporter.			
<u>COVERS AND SEALS, RUBBER</u>	27 3/4 tons		169 245
Includes 3/4 ton seals, which are round rubber washers about 1 inch in diameter. There are 27 tons of new "covers" which are 2 in. lengths of black rubber hose - thin wall, about 1 inch in diameter. Inspection report awaited.			
<u>DECODING MACHINES</u>	1 700	39.00	66 300
Small suitcase type box with precision equipment.			
<u>EMPLACEMENTS, MACHINE GUN</u>	32	5,300.00	169 600
A mount for a machine gun. No utility value known.			
<u>FILTERS, DUST RESPIRATOR</u>	2 945 049	.095	280 663
Paper, formed to fit respirator strapped over the nose.			
<u>GENERATORS, SMOKE (STATIONARY)</u>	5 000	10.00	50 000
Smoke pots. Inspection report awaited.			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>HELMETS, SAFETY, O.C.D.</u>	300 000	\$0.89	267 000
These helmets weigh about 3 lbs., and are packed 10 to a carton. Painted white.			
<u>HOSE, RUBBER</u>	437	157.00	68 609
100 ft. lengths, 5 in. I.D. 3/8 in. wall.			
<u>HOSE, RUBBER</u>	5 000 lengths	33.50	167 500
25 ft. lengths of 2 1/2" steam hose, to withstand 600 to 1000 lbs. pressure.			
<u>IMPRINTING MACHINES, NEW</u>	35 600	21.95	781 420
Pistol shaped, hand operated machine designed to take impression of soldier's "dog-tag" in the field. Advertised in the Surplus Reporter.			
<u>MACHINE GUNS, ELECTRIC</u>	707	279.00	197 253
A practice gun that shoots B.B. shot.			
<u>NUTS, SQUARE, NEW</u>	925 000		57 350
Miscellaneous, many are very large size.			
<u>PAD EYES, STEEL</u>	38 481	1.51	59 108
Structural steel plates with metal loop welded on it. Made to be welded onto deck of ship.			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>RAFTS, PNEUMATIC, 5-MAN</u>	700	\$200.00	140 000
Collapsible, rubber, combat rafts. Some used.			
<u>RIFLES, TRAINER, WOOD</u>	20 000	2.70	54 000
Exact replica of Army Springfield rifle. Will be advertised to all home guards and military schools..			
<u>SCREWS (WOOD), BRASS</u>	250 000 gross	.25	62 000
Many sizes and kinds, packaged and in bulk.			
<u>SCREWS</u>	6 329 210		141 893
Round head, bright.			
<u>SHOTGUNS, 12 GA. & 16 GA.</u>	67 000		1 467 000
<u>SHOWER UNITS, USED</u>	943	93.00	87 699
71 are incomplete with parts missing or broken. The units have hot water valves and manifold shower heads, and soap cup. Advertised in the Surplus Reporter.			
<u>SHOVELS</u>	187 130		86 645
<u>SPURS, NEW AND USED</u>	200 000 pair	1.30	260 000
Regulation Army type with smooth, rounded point, in place of rowel.			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>STAPLES, GALVANIZED</u>	18 000	\$4.52	81 360
Larger than average size, packed 100 lbs. to a keg.			
<u>STOVES, HEATING</u>	5 464	12.00 average	65 568
Wood burning, two sizes; 22 inch and 30 inch. Will be sold back to manufacturer for \$5.00 each.			
<u>WASHERS, LOCK</u>	765 000	.01	76 500
<u>6. Textiles and Wearing Apparel</u>			
<u>BAGS, SAND</u>	2 872 340		556 198
<u>CAPS, W.A.C.</u>	76 712	2.20	168 766
The standard uniform cap of Women's Army Corp. Round box-like body with stiff visor. Regions will sell.			
<u>CLOTH, BLACKOUT</u>	66 325 yards		99 487
Pyroxylin type III, 36 in. wide.			
<u>GAS MASKS, NEW AND USED</u>	2 864 000	6.00	15 184 000
Civilian Defense and Army types. Bids closed December 21, and will be analyzed here. (The masks have to be dismantled.)			
<u>GAS MASKS, CARRIERS</u>	865 017		1 056 378
New and used. A canvas bag, with flap and sling.			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>GLOVES, RUBBER, ANTI-GAS</u>	600 000	\$1.00	600 000
Gauntlet type, black rubber, loose fitting, similar to linesman's glove. Bids are in here and awards will be made this week.			
<u>GRENADE CONTAINER, PARTS</u>	3 171 476		67 601
<u>SHOES, MEN'S LOW, WHITE</u>	39 986	3.71	148 335
<u>TARGETS, ANTI-AIRCRAFT</u>	8 861	14.32	126 891

Muslin tubes about 3 ft. in diameter and 30 ft. long. Regions given authority to sell.

7. Medical & Surgical

<u>APPARATUS, ANESTHESIA & SUCTION</u>	490	173.00	84 770
Portable cabinets on rollers, with motor driven apparatus both for anesthesia and suction purposes in hospitals. Made to Army specifications which differ from manufacturer's. To the latter they represent only parts. An item that requires considerable service.			
<u>BAGS, WET DRESSING</u>	105 000	.58	61 500
Leg and arm shaped bags made of transparent, waterproof material - with 3 tubes in different places to introduce medicinal liquid. A hospital item. Trade name is "Bunyan bag."			
<u>BATTERY BOXES, MEDICAL, USED</u>	3 650	24.25	88 512

New declaration - sample awaited.

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>BOTTLES, WIDEMOUTH, 250 C.C.</u>	201 307	\$0.45	90 588
A laboratory item. Shape and glass composition not known.			
<u>BOXES, OINTMENT</u>	197 454 pkgs.		55 045
Nested, and stuck together. Probably salvage. Dozen nests in package - 3 boxes to a nest. An unknown percentage of above quantity has been sold.			
<u>BOXES, TABLET</u>	600 000 cartons		200 000
Printed pill boxes, 500 to a carton. Small size nested into larger one. An unknown percentage of above quantity has been sold.			
<u>CARTS, FOOD</u>	586	86.00	50 396
Hospital equipment - 4-wheel cart with cans and trays. Size not known. Color of enamel finish is not known - thought to be battleship gray.			
<u>COTTON, ABSORBENT</u>	236 600 rolls		94 640
New.			
<u>DENTAL SUPPLIES</u>			100 000
World War I stocks located at Perry Point, Md. Has in it many obsolete and non-standard items.			
<u>DISINFECTORS, 50 GAL.</u>	1 600	43.33	73 360
Spray pump type for veterinary use. Portable unit - Army specifications.			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>DISK, METAL, ABRASIVE</u>	134 000	\$0.60	80 400
7/8" size. Dental supply item. Packed 12 disks on a card.	cards		
<u>DRESSINGS, FIRST AID PKGS.</u>	27 000 000		3 300 000
Small and large sizes, various types and makes. Largely Carlisle model.			
<u>FLASK, WITH CUP</u>	200 000	.33	66 000
A small flask with metal cup fitted over lower half, - used by soldiers to carry medicine in the field.			
<u>FORCEPS, HEMOSTATIC</u>	21 034	2.63	55 433
Surgical instrument, - several brands, some with no mark, some German. Some stainless.			
<u>KITS AND CASES, MEDICAL</u>	3 865	19.11	73 860
From O.C.D. stocks. Suitcase type, filled principally with professional first aid items.			
<u>OINTMENT COMPOUND, GAS PROTECTIVE</u>	161 188	.45	72 534
New declaration - sample awaited.	tubes		
<u>PERIMETERS, ELECTRIC, MEDICAL</u>	345	160.00	551 060
Apparatus used in eye diagnosis.			
<u>POUCHES, FIRST AID, FILLED</u>	144 350	1.19	171 776
Fabric pouch, about 10 in. long by 5 in. wide, filled with a few professional first aid items, and some pencils, tags, etc.			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>SCALES, PRESCRIPTION</u>	3 980	\$23.30	92 897
Various types and sizes. Mfrs. (2) do not want to re-purchase.			
<u>SCREEN, INTENSIFYING</u>	7 000	9.00	63 000
X-ray equipment. Made in pairs.			
<u>SCREWS, BONE</u>	705 000	.20	141 000
Made of molybdenum for use in connection with bone plates in surgical operations. Few needed in hospital (civilian) cases. Mfr. not interested in re-purchase.			
<u>STERILIZERS, NEW AND USED</u>	6 097		799 000
Hospital equipment. Several sizes and types. Part of stock was made to Army specifications which differ vastly from manufacturers models.			
<u>STRETCHERS, CANVAS & METAL, NEW</u>	8 400	6.43	54 000
Mfrs. not interested in re-purchase.			
<u>SUTURES, SILK & CATGUT</u>	15 000 000 units		3 000 000
For sewing after surgical operations. Silk packed in glassine envelopes. Catgut packed in liquid in glass tubes. The catgut sutures are boilable, a type necessary for Army field work, but not used in hospitals. Davis & Geck not interested in repurchase of their brand. The others are being inspected for possible sale to the manufacturers.			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>TEST TUBES, GLASS</u>	5 670 000	\$0.03	190 100
<p>Many sizes, types, made of various types of glass. Pyrex is standard in most hospitals. Quantities of these are lime glass and non-heat-resistant glass.</p> <p>The following preparations are being advertised in the current Surplus Reporter.</p>			
<u>ACETOPHENETIDIN</u>	70 000 bottles	1.35	94 500
<p>5 gr. tablets, packed 1000 in a bottle. Obsolete item awaiting action by board of medical officers.</p>			
<u>AZOCHLORAMID IN TRIACETIN</u>	360 000 quarts	4.55	1 638 000
<p>World War I stock. Awaiting action by board of medical officers.</p>			
<u>BURROWES SOLUTION</u>	18 000 bottles		144 000
<p>2.27 gm. tablets - 500 to a bottle.</p>			
<u>CRESOL, SULFANATED SOLUTION</u>	8 000 drums	6.85	54 850
<p>Floor disinfectant.</p>			
<u>DICHLORAMINE T</u>	359 000 pints	1.66	595 940
<p>16 2/3% in Tri. World War I stock. Awaiting action by board of medical officers.</p>			
<u>HAEMOTOXYLIN, LIGHT</u>	99 000 bottles	1.50	148 500
<p>10 gram. bottle. Awaiting action by board of medical officers.</p>			

	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>COST TO GOVT.</u>
<u>HYDROGEN PEROXIDE, 8% SOL.</u>	200 000 pounds		125 000
Too strong for beauty parlor use. Stock all reported in leaky bottles. Bottles run from empty to two-thirds full.			
<u>PEPTONE PROTEOSE RACT.</u>	35 000 pounds	6.20	217 000
A standard drug, not needed in this quantity.			
<u>PEPTONE, DRIED, U.S.P. BLAG.</u>	96 500	4.00	386 000
<u>PROCAINE HYDROCHLORIDE</u>	163 000 boxes	2.75	448 250
10 units in a box, 150 and 200 MM ampules.			
<u>SODIUM ALURATE</u>	13 500 boxes	7.50	101 250
3 1/2 and 1 3/4 gr. tablets packed in 500 unit boxes. Special Army package.			
<u>SULFANILAMIDE</u>	539 000 packages		344 930
5 and 7.5 gr. tablets. 250,000 boxes of 12 tablets. 289,000 bottles of 1000 tablets. Obsolete Army item. Awaiting action by board of medical officers.			
<u>8. Paper & Office Supplies</u>			
<u>PAPER, TELETYPE</u>	17 892 boxes		59 362
Single carbon paper; cannot be used by agencies which need more copies.			
<u>CUPS, PAPER, SPIT</u>	489 794		171 427
Total			\$ 74 652 051

SURPLUS USED TRUCKS REPORT
For 7 Days and Period Ende December 30, 1944
 (Period Began January 1, 1944)

	<u>7 Days to Dec. 30, 1944</u>	<u>Period to Date</u>
Total Used Trucks Declared	<u>619</u>	<u>53910</u>
Less Declarations withdrawn	<u>1</u>	<u>1556</u>
Less Loans to Other Federal Agencies	<u>0</u>	<u>140</u>
Less Transfers to Other Federal Agencies	<u>16</u>	<u>3296</u>
Net Used Trucks Declared for Sale	<u>603</u>	<u>48918</u>
Less Used Trucks Sold	<u>1057</u>	<u>41577</u>
Balance of Used Trucks on hand		<u><u>7341</u></u>

ANALYSIS OF INVENTORY

Inspected and ready for sale	<u>5657</u>
Not Inspected	<u>1684</u>
	<u><u>7341</u></u>

SURPLUS USED CARS REPORT
For 7 Days and Period Ended, December 30, 1944
 (Period Began January 1, 1944)

	<u>7 Days to Dec. 30, 1944</u>		<u>Period to Date</u>
Total Used Cars Declared		<u>23</u>	<u>7204</u>
Less Declarations withdrawn	<u>3</u>		<u>158</u>
Less Loans to Other Federal Agencies	<u>0</u>		<u>15</u>
Less Transfers to Other Federal Agencies	<u>3</u>	<u>6</u>	<u>602</u>
Net Used Cars Declared for Sale		<u>17</u>	<u>6429</u>
Less Used Cars Sold		<u>44</u>	<u>5888</u>
Balance of Used Cars on hand			<u>541</u>

ANALYSIS OF INVENTORY

Inspected and ready for sale			<u>422</u>
Not Inspected			<u>119</u>
			<u>541</u>

SURPLUS MOTORCYCLES REPORT
For 7 Days and Period Ended, December 30, 1944
 (Period Began January 1, 1944)

	<u>7 Days to Dec. 30, 1944</u>	<u>Period to Date</u>
Total Motorcycles Declared	<u>8</u>	<u>15895</u>
Less Declarations withdrawn	<u>1</u>	<u>948</u>
Less Loans to Other Federal Agencies	<u>0</u>	<u>0</u>
Less Transfers to Other Federal Agencies	<u>1</u>	<u>212</u>
Net Motorcycles Declared for Sale	<u>7</u>	<u>14735</u>
Less Motorcycles Sold	<u>518</u>	<u>12051</u>
Balance of Motorcycles on hand		<u>2684</u>

ANALYSIS OF INVENTORY

Inspected and ready for sale	<u>2453</u>
Not Inspected	<u>231</u>
	<u>2684</u>

January 4, 1945

Dear Ed:

Thank you very much for sending me a copy of the new State Department organization chart. I have looked this over with a great deal of interest, and shall see that it is made available to others in my office who might find it useful in connection with their State Department contacts.

I also have received your letters telling me of the transmission of my messages to Prime Minister and Mrs. Churchill and to Mr. T. V. Soong, and thank you for your courtesy in seeing that the cables were sent.

Sincerely,

(Signed) Henry

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

GSP:unt:jp

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THE SECRETARY OF STATE
WASHINGTON

January 1, 1945

Dear Henry:

I have received your letter asking me to send your New Year's message to Dr. T. V. Soong. I am pleased to inform you that the message is being transmitted today by cable.

With all good wishes,

Sincerely yours,



The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.

THE SECRETARY OF STATE
WASHINGTON

January 1, 1945

Dear Henry:

Your letter of January 1 asking me to send your New Year message to The Right Honorable Winston Churchill and Mrs. Churchill has been received.

I am pleased to inform you that the message is going forward today by cable.

With best wishes for the New Year,

Sincerely yours,

A handwritten signature in black ink, appearing to be 'E. A. Tamm', written in a cursive style.

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.

THE SECRETARY OF STATE
WASHINGTON

December 29, 1944

Dear Henry,

It gives me pleasure to send to you herewith a copy of the new State Department organization chart. It occurred to me it might be useful for you to have this for reference purposes.

With best wishes,

Sincerely yours,



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

January 4, 1945.

My dear Mr. Kung:

Your note of January 1 referring to my eleventh anniversary in the Treasury was very pleasing.

I, too, have enjoyed the association brought about by our similar responsibilities.

It is my fervent hope that before another anniversary arrives China may be able to see the dawn of a better day.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. H. H. Kung
C/o Chinese Embassy
Washington, D.C.

HEG/mah

HEG

EXECUTIVE YUAN
NATIONAL GOVERNMENT OF CHINA

January 1, 1945

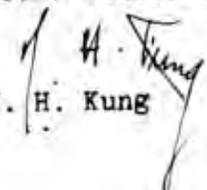
Honorable Henry Morgenthau Jr.
Secretary of the Treasury
Washington, D. C.

My dear Mr. Morgenthau:

I just read with great interest that this New Year's Day marks the eleventh anniversary of your assumption of office as Secretary of the Treasury. As Chinese Minister of Finance during the same period I have enjoyed the many opportunities of personal association with you and have always valued your friendship and cooperation. I have also admired your achievement in shouldering the tremendous responsibility of financing and coordinating America's war efforts with those of other United Nations against our common enemies.

It is, therefore, with especial pleasure that I offer you my heartiest congratulations on this occasion and wish you many happy years to come in which you will continue your distinguished service not only to your own country but also in the interest of world finance.

Yours sincerely,


H. H. Kung

JAN 4 1945

Dear Mr. Secretary:

In a letter dated October 19, 1944 the Financial Counselor of the Polish Embassy wrote to inquire whether it would be possible for the Treasury to undertake the minting of 80 million pieces of silver coin of various denominations.

The letter includes the following statement:

"In this connection I allow myself to bring to your attention that the Polish Government is approaching the Foreign Economic Administration to obtain, on the Lend and Lease basis, silver necessary for the proposed minting of the coins. I shall be greatly indebted for your support of our request when the matter is submitted by the Foreign Economic Administration to the Treasury."

The Treasury has not as yet been informed by the Foreign Economic Administration of any formal request for the lend-leasing of silver to Poland. Nevertheless, you will want to know of this matter if a request for the lend-leasing of silver should be made to the Foreign Economic Administration.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

The Honorable,

The Secretary of State.

EMS:hgb
1/1/45

EMBASSY OF POLAND
IN THE UNITED STATES

FINANCIAL COUNSELOR

NEW YORK 14 WALL STREET

D.14/44
October 19, 1944

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

Dear Mister Secretary:

In anticipation of Poland's complete liberation from German occupation, I am taking the privilege of asking you to make possible the mintage for the Polish Government of 80 million pieces of silver coin, of which 40 million pieces would be in the denomination of 10 zloty and 40 million pieces in the denomination of 5 zloty - the alloy to be composed of 750 parts of silver and 250 parts of another metal for each one thousand parts. Each 10 zloty coin with a diameter of 34 mm. should weigh 22 grams, and each 5 zloty coin with a diameter of 28 mm. should weigh 11 grams.

All other specifications such as the design, the finish of the edge, as well as the margin of error in deviation from the established norms outlined above, I shall be glad to submit to you at any time.

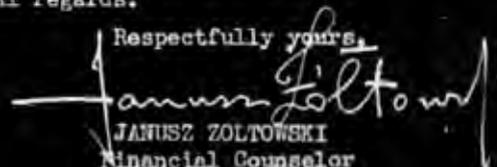
These coins will be required by the Polish Government for immediate circulation when the various currencies, issued by German civil and military authorities, now circulating in Poland will be replaced by the temporary banknotes of the Bank of Poland. They will also be required for the use of the Polish Government and the Allied Army in Poland, which I had the privilege of presenting to you in my letter of September 18, 1944.

As this matter is of great urgency and importance to the Polish Government, I shall be most grateful to you for your early and favorable decision.

In this connection I allow myself to bring to your attention that the Polish Government is approaching the Foreign Economic Administration to obtain, on the Lend and Lease basis, silver necessary for the proposed minting of the coins. I shall be greatly indebted for your support of our request when the matter is submitted by the Foreign Economic Administration to the Treasury.

Please accept, Mister Secretary, the expression of my highest esteem and my best personal regards.

Respectfully yours,


JANUSZ ZOLTOWSKI
Financial Counselor

**BRITISH AIR COMMISSION**

1785 MASSACHUSETTS AVENUE

WASHINGTON 6, D. C.

TELEPHONE DECATUR 9000

PLEASE QUOTE

REFERENCE NO.....

4th January, 1945.

With the compliments of British Air Commission
who enclose Statements Nos. 169 and 170 --
Aircraft Despatched -- for the weeks ended
December 22nd and December 29th respectively.

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

January 4, 1945.

STATEMENT NO. 169

Aircraft Despatched from the United States
 Week Ended December 22, 1944.

BRITISH/U. S. SECRET

<u>TYPE</u>	<u>DESTINATION</u>	<u>ASSEMBLY POINT</u>	<u>BY SEA</u>	<u>BY AIR</u>	<u>FLIGHT DELIVERED FOR USE IN CANADA</u>
<u>CONSOLIDATED</u>					
Liberator B-VI	M.E.	M.E.		15	
Liberator B-VI	India	India		1	
Liberator GR-VI	U.K.	U.K.		1	
Liberator GR-VI	India	India		1	
Liberator G-IX	Canada	Canada			2
<u>GLENN MARTIN</u>					
Marauder III	M.E.	M.E.		7	
<u>NORTH AMERICAN</u>					
Mitchell III	U.K.	U.K.		8	
Mitchell II	Canada	Canada			1
Mustang	U.K.	U.K.	3		
<u>DOUGLAS</u>					
Dakota IV	U.K.	U.K.		6	
Dakota IV	India	India		3	
<u>BOEING</u>					
Catalina IV B	U.K.	U.K.		1	
Catalina VI	U.K.	U.K.		1	
<u>NOORDUYH</u>					
Harvard	M.E.	Alexandria	31		
Harvard	U.K.	U.K.	13		
<u>GRUMMAN</u>					
* Hellcat	India	Cochin	4		
* Hellcat	S. Africa	Capetown	10		
* Wildcat	India	Cochin	4		
<u>BEECH</u>					
Beechcraft UC-45	Australia	Brisbane	3		
Beechcraft UC-45	India	Karachi	3		
<u>VOUGHT-SIKORSKY</u>					
* Helicopter	U.K.	U.K.	2		
* Corsair	India	Cochin	14		
6					
<u>REPUBLIC</u>					
Thunderbolt	M.E.	Alexandria	5		
			Total:	92	44
					3

*with radio equipment.

R.A.F. Delegation
Movements F 1.

January 2, 1945.

mmh
File V-11

Regraded Unclassified

BRITISH/U. S. SECRET

STATEMENT NO. 170

Aircraft Despatched from the United States
Week Ended December 29, 1944.

<u>TYPE</u>	<u>DESTINATION</u>	<u>ASSEMBLY POINT</u>	<u>BY SEA</u>	<u>BY AIR</u>	<u>FLIGHT DELIVERED FOR USE IN CANADA</u>
<u>CONSOLIDATED</u>					
Liberator B-VI	M.E.	M.E.		7	
Sentinel	India	Karachi	20		
<u>NORTH AMERICAN</u>					
Mitchell II	Canada	Canada			3
Mitchell III	U.K.	U.K.		4	
<u>DOUGLAS</u>					
Dakota IV	U.K.	U.K.		8	
Dakota IV	M.E.	M.E.		1	
<u>QING</u>					
Catalina VI	U.K.	U.K.		2	
<u>REPUBLIC</u>					
Thunderbolt	M.E.	Alexandria		5	
<u>GRUMMAN</u>					
* Hellcat	Australia	Sydney		3	
* Hellcat	India	Cochin		9	
* Avenger	India	Cochin		7	
<u>VOUGHT-SIKORSKY</u>					
* Corsair	Australia	Sydney		15	
* Corsair	India	Cochin		1	
<u>NOORDUYN</u>					
Harvard	India	Cochin		4	
			Total:	64	22
					3

* with radio equipment.

Movements F 1
 R.A.F. Delegation

January 3, 1945.

msh
 File V-11-45

FEDERAL RESERVE BANK
OF NEW YORK

January 4, 1945.

CONFIDENTIAL

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

I am enclosing our compilation for the week ended December 27, 1944, showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Very truly yours,

/s/ H. L. Sanford

H. L. Sanford,
Assistant Vice President.

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

Enclosure

C O P Y

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY

January 5, 1945

CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended December 27, 1944, showing dollar disbursements out of the British Empire and French accounts at the Federal Reserve Bank of New York and the means by which these expenditures were financed.

Emb

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

Week Ended Dec. 27, 1944

Strictly
Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)										BANK OF FRANCE (i)			
	D E B I T S				C R E D I T S						Net Incr. (+) or Decr. (-) in \$ Funds	Total Debits (e)	Total Credits (e)	Net Incr. (+) or Decr. (-) in \$ Funds (d)
	Total Debits	Gov't Expendi- tures (a)	Transfers to Official Canadian Account	Other Debits	Total Credits	Reserves of STERLING		Transfers from Official Australian Account	Other Credits (c)					
					Gold	Securities (Official) (b)								
War Years (g)														
First	1,793.2	605.6	20.9	1,166.7	1,828.2	1,356.1	52.0	3.9	416.2	+ 35.0	866.3 (f)	1,095.3 (f)	+ 299.0	
Second	2,203.0	1,732.2	3.4	467.4	2,189.8	1,193.7	274.0	16.7	705.4	- 13.2	38.9	8.8	- 30.1	
Third	1,235.6	904.8	7.7	223.1	1,361.5	21.8	5.5	57.4	1,276.8	+ 125.9	18.5	4.4	- 14.1	
Fourth	764.0	312.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 308.3	10.3	1.0	- 9.3	
Fifth	1,197.7	300.4	61.4	835.9	1,369.6	-	-	253.0	1,116.6	+ 171.9	-	-	-	
<u>1944</u>														
September	151.0	19.9	50.4	80.7	56.5	-	-	1.0	55.5	- 94.5	-	-	-	
October	127.9	21.0	7.4	99.5	54.7	-	-	1.0	52.7	- 73.2	-	-	-	
November	74.2	45.4	2.9	25.9	92.1	-	-	1.0	91.1	+ 17.9	-	-	-	
December														
<u>1945</u>														
January														
February														
March														
April														
May														
June														
July														
August														
<u>Week Ended</u>														
Dec. 6, 1944	16.0	7.3	-	8.7	21.5	-	-	1.0	20.5	+ 4.0	5.2	0.3	- 4.9	
Dec. 13, 1944	27.5	23.1	-	4.4	6.2	-	-	-	6.2	-21.3	50.1	1.0	-49.1	
Dec. 20, 1944	8.1	5.6	-	2.5	44.9	-	-	-	44.9	+ 36.8	0.5	0.4	- 0.1	
Dec. 27, 1944	8.1	1.4	-	6.7	5.9	-	-	-	5.9(b)	- 2.2	1.8	4.5	+ 2.7	

Average Weekly Expenditures Since Outbreak of War
 France (through June 19, 1940) \$19.6 million
 England (through June 19, 1940) \$27.6 million
 England (through June 20, 1940 to March 12, 1941) \$54.9 million
 England (since March 12, 1941) 21.8 million

See attached sheet for footnotes.

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (k) below.
- (d) Reflects net change in all dollar holdings payable on demand or maturing in one year.
- (e) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (f) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (g) For monthly breakdown see tabulations prior to April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 6, 1944.
- (h) Includes \$ 1.4 million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports, and \$340 million representing payment to armed forces abroad.
- (i) Transactions for account of Caisse Central de la France d'Outre-Mer included for first time in week ended December 6, 1944.

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

Week Ended Dec. 27, 1944

Strictly
Confidential

PERIOD	CANADA (and Canadian Government)								COMMONWEALTH BANK OF AUSTRALIA (and Australian Government)							
	DEBITS			CREDITS					DEBITS			CREDITS				
	Total	Transfers to Official British A/C	Others	Total	Proceeds of Gold Sales	Transfers from Official British A/C		Other	Net Incr. (+) or Decr. (-) in \$Pounds (e)	Total	Transfers to Official British A/C	Others	Total	Proceeds of Gold Sales	Other	Net Incr. (+) or Decr. (-) in \$Pounds (e)
War Years (a)	Debits	A/C	Debits	Credits	Sales	For Own A/C	For French A/C	Credits		Debits	A/C	Debits	Credits	Sales	Credits	
First	323.0	16.6	306.4	504.7	412.7	20.9	38.7	32.4	+ 181.7	31.2	3.9	27.3	36.1	30.0	6.1	+ 4.9
Second	460.4	-	460.4	462.0	246.2	3.4	123.9	88.5	+ 1.6	72.2	16.7	55.5	81.2	62.9	18.3	+ 9.0
Third	525.8	0.3	525.5	566.3	198.6	7.7	-	360.0	+ 40.5	107.2	57.4	49.8	112.2	17.2	95.0	- 5.0
Fourth	723.6	-	723.6	958.8	47.1	170.4	-	741.3	+ 235.2	197.0	155.1	41.9	200.4	-	200.4	+ 3.4
Fifth	849.3	1.0	848.3	958.5	38.1	61.4	-	859.0	+ 283.3	298.6	253.0	45.6	287.7	-	287.7	- 10.9
1944																
September	74.5	0.1	74.4	91.8	-	50.4	-	41.4	+ 17.3	5.8	1.0	4.8	7.3	-	7.3	+ 1.5
October	24.1	-	24.1	82.2	-	7.4	-	76.8	+ 80.1	20.3	1.0	19.3	21.0	-	21.0	+ 0.5
November	38.8	-	38.8	53.7	-	2.9	-	50.8	+ 14.9	3.4	1.0	2.4	5.8	-	5.8	+ 2.4
December																
1945																
January																
February																
March																
April																
May																
June																
JULY																
August																
Week Ended																
Dec. 6, 1944	8.1	-	8.1	8.8	-	-	-	8.8	+ 0.7	3.1	1.0	2.1	3.5	-	3.5	+ 0.4
Dec. 13, 1944	3.9	-	3.9	3.0	-	-	-	3.0	- 0.9	-	-	-	0.3	-	0.3	+ 0.3
Dec. 20, 1944	4.3	-	4.3	4.5	-	-	-	4.5	+ 0.2	1.0	-	1.0	1.1	-	1.1	+ 0.1
Dec. 27, 1944	12.0 (b) 15.7	-	12.0	12.7 (c)	-	-	-	12.7 (d)	+ 10.3	-	-	-	0.3	-	0.3	+ 0.3

Average Weekly expenditures for

First year of war 6.2 million.
 Second year of war 8.9 million.
 Third year of war 10.1 million.
 Fourth year of war 13.9 million.
 Fifth year of war 16.1 million.
 Sixth year of war (through) Dec. 27, 1944 7.9 million.

- (a) For monthly breakdowns see tabulations prior to: April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 6, 1944.
 (b) Reflects changes in all dollar holdings payable on demand or maturing in one year.
 (c) Does not reflect transactions in short term U. S. securities.
 (d) Includes \$ 0.8 million deposited by War Supplies, Ltd. and \$ 3.1 million received from New York accounts of Canadian chartered banks.

CABLE TO AMERICAN EMBASSY, PARIS, FROM WAR REFUGEE BOARD.

Please deliver following message to Abraham Alperin, Ecole CRT,
12 Rue des Saules, Paris, from David Lvovitch of World CRT Union:

QUOTE HAPPY TO KNOW THROUGH YOUR CABLE AND DELEGATES
TWO SCHOOLS WORKING PLEASE CABLE REGARDING FATE ZADOCK KAHN
LEO GLASER MOSES KIVELIOVITCH DOUBOSSARSKY GEORG SHAPIRO
KLEMENTINOWSKY ALSO HOW MANY PUPILS REMAINED ORTSCHOOLS AND
WHICH ORTSCHOOLS AND AGRICULTURAL FARMS WORKING OUTSIDE PARIS.
WILL IT BE POSSIBLE TO SETTLE ON LAND IN FRANCE REFUGEES AND
UNEMPLOYED. WILL REPATRIATION FRENCH REFUGEES NONFRENCH
NATIONALITY BE FACILITATED IF SWISS CRT TRAINS THEM AND FRENCH
CRT PROVIDES INDUSTRIAL AND AGRICULTURAL FACILITIES. HAPPY
TO KNOW THAT LEON FRENKEL JOSEPH BLUM ABRAHAM BERLAND BELLA
BRONSTEIN JACOB SCHEFTEL SAFE AND WELL REGARDS TO ALL. UNQUOTE

10:00 a.m.
January 4, 1945

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate, General, Jerusalem
TO: Secretary of State, Washington
DATED: January 4, 1945
NUMBER: 4

CONFIDENTIAL

See cable No. 217 dated December 28 from the Department.

Judah Magnes sends the message which follows with the request that Mr. Leavitt receive paraphrase.

Remarks made by you regarding Soviet conditions participation parcel service are not entirely understood.

PINKERTON

DC/L:ER 1/6/45

EOC-1794

PLAIN

Lisbon

Dated January 4, 1945

Rec'd 9:44 p.m.

Secretary of State,
Washington.

26, Fourth

WRB 285 JDC 146 FOR LEAVITT FROM PILPEL

With approval Joseph Schwartz, Resnick authorized
accept offer of UNRRA Yugoslav Mission to make temporary
assignment to our staff of five members of the British
Jewish Relief unit.

NCFWEB

WTD

CABLE TO AMERICAN LEGATION, BERN, FOR MC CLELLAND, FROM WAR REFUGEE BOARD.

Please deliver following message to Aron Syngalowski, 8 Malagnou, Geneva, from David Lvovitch of World ORT Union, 2 West 86th Street, New York:

QUOTE PLEASE CABLE HOW MANY AND WHICH INSTRUCTORS ESCAPED TO SWITZERLAND FROM NAZI OCCUPIED COUNTRIES OR SURVIVED IN FRANCE HOW MANY IN TRAINING FOR LIBERATED COUNTRIES ALSO HOW MANY AND WHICH SCHOOLS AND COOPERATIVES WORKING IN LIBERATED POLAND RUMANIA BULGARIA. WOULD REPATRIATION FRENCH BELGIAN REFUGEES BE FACILITATED IF ORT ARRANGES INDUSTRIAL AGRICULTURAL FACILITIES RESPECTIVELY IN BELGIUM AND FRANCE REGARDS. UNQUOTE

THIS IS WRB BERN CABLE NO. 352.

10:00 a.m.
January 4, 1945

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

January 4, 1945

Noon

AMLEGATION

RUBIN

57

The following for McClelland is WRB 338.

Attention of Department and Board has been called to the case of Mrs. Frederica (Frieda M.) Muller, nee Halmos, whose last known address is Teres Korut 26, Budapest, Hungary, said to have been born in New York in 1894, who is stated to have lost her American nationality by marriage to Hungarian citizen in 1915, but, since that marriage allegedly was dissolved in 1919, may be in a position to regain her American citizenship under Act of June 25, 1936, by taking an oath of allegiance before American consular officer.

Please advise Swiss Government that Mrs. Muller is eligible for exchange under Department's 3082 of September 6, item F, and that until advised to the contrary, she is entitled to protection and treatment as United States citizen pursuant to Department's 1269 of April 13.

It will be appreciated if Swiss Government will take necessary action in this matter vis-a-vis German and Hungarian authorities.

STETTINIUS
(GIV)

WRB:MMV:EM
12/23/44

WE

PD

SE

CE

SWP

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMERICAN EMBASSY, CHUNGKING
DATED: January 4, 1945
NUMBER: 19

SECRET

It is suggested by the Department that proposal given in Embassy's 2080 of the twenty ninth of December, be discussed with Mr. Adler when he arrives there. Mr. Adler will be able to give complete information on present understandings, with regard to no-rate yuan, with the Government of China.

The State Department doubts whether anything is to be gained from utilization of no-rate yuan for procurement of local supplies and services for the U.S. Government agencies, as settlement cost of no-rate yuan will without a doubt exceed cost of yuan now being acquired by those agencies for such purposes through sales in open market of U.S. currency. Until you have consulted Mr. Adler and reported his observations to the Department we do not think any part of the proposal should be discussed with Chinese officials.

STETTINIUS

FMA:PMcG:rmk

Paraphrase

DC/L:MLG *MLG*

1-8-45

223

NOT TO BE RE-TRANSMITTED

SECRET

COPY NO. 4

OPTEL No. 5

Information received up to 10 a.m., 4th January, 1945.

NAVAL

1. MEDITERRANEAN. Clearance of approaches to Dardanelles by British Minesweepers is in progress. Piraeus Harbour now open for all types shipping. Dispositions being made to prevent ELAS infiltration or invasion Corfu.

MILITARY

2. WESTERN EUROPE. In Bitch area our troops, after giving some ground, hold enemy at all points. From north of salient U.S. troops launched attack towards Houffalize. Progress of one mile made in bad weather.

3. ITALY. Canadian troops have continued advance and now 3 miles north Ravenna on a mile wide front.

4. GREECE. Day 2nd. British troops launched offensive to clear northern suburbs Athens.

5. EASTERN FRONT. Russians report slight advances into city Budapest. German attempts to relieve city from west reported to have had some success along southern bank Danube, S.E. of Komarno.

6. BURMA. Arakan. Our troops landed Akyab Island without opposition. Central Burma. Ye-U occupied by British troops. Further N.E. advance troops another division occupied Tagaung.

AIR

7. WESTERN FRONT. Night 2nd/3rd. 2052 tons dropped Nuremburg and 1217 Ludwigshafen in good visibility. Bombing was good.
Day 3rd. 1099 escorted U.S. heavy bombers bombed communication centres including 13 in Cologne/Duren/Coblenz area (1302 tons), 3 in Frankfurt area (739 tons) and 5 in Saarbrucken/Karlsruhe area (667 tons). Pathfinder technique employed, results unobserved. Outstanding - 3 bomber, 12 fighters. Enemy casualties 4,0,0. 91 escorted Lancasters (1 missing) dropped 440 tons through cloud on 2 Benzol Plants Dortmund area. Bombing reported concentrated. SHAEF (Air) operations restricted by weather. 60 bombers dropped 59 tons enemy concentrations Houffalize. 91 fighters and fighter bombers (1 missing) operated battle area.

8. MEDITERRANEAN. Day 2nd. Operations severely restricted by weather. 36 Baltimores attacked targets N.E. of Bologne and 768 fighters and fighter bombers communications in Po Valley and airfields Milan and Genoa.

9. BURMA AND SIAM. On 1st and 2nd 53 Liberators dropped 107 tons on bridges and other targets. At least 3 bridges destroyed.

HOME SECURITY

10. Rockets. Day 3rd. 3 rockets reported. Night 3rd/4th. 4 incidents reported.

11. Flying Bombs. Night 3rd/4th. Attack launched between 1826 and 2104 hours. 52 plotted.

January 5, 1945.

Memorandum for Secretary's Files

The Secretary told me just after 9:00 o'clock this morning that he had talked to Sam Rosenman and that if I would come over at 9:30 I could have a look at the re-draft of the message on the state of the Union. I went over, taking Roy Blough with me. Miss Gilligan, Judge Rosenman's secretary, brought a copy of the draft in to Blough and me in the large waiting room. On reading it we were able to verify the statements made to me by Sam yesterday that all of the six inserts we had submitted, except D and E, referring to housing and education, had been inserted just as we requested.

In inserting Insert C, which amplifies a sentence already in the message providing for Government guaranteed industrial loans, the original sentence it was to modify had been changed to read as follows: "During the war we had guaranteed investments in private enterprise essential to the war effort. We should also take appropriate measures in peace time to secure opportunities for productive business expansion for which finance would otherwise be unavailable." In other words the original sentence is

- 2 -

substantially weakened and this gives greater importance to our addition to it. The Bretton Woods paragraph, which is part of the same insert, remains in the message.

We made two changes in our own Insert F, which replaces pages 44 and 45 of the original draft. Both changes were made in the interest of precision of statement. The original insert had the sentence: "A program of this character can provide America with a national income high enough to provide an orderly retirement of the public debt along with reasonable tax reduction." We made it read: "Through a program of this character we can maintain a national income" etc. The second change was in the sentence reading in part "I urge the Congress to grant tax relief at the end of the war in order to encourage capital" etc. We made it read: "designed to encourage capital".

We left these changes with Miss Gilligan, Judge Rosenman's secretary, and just as we were leaving we met the Judge himself, who came in, and we showed him what we had done. In entering and leaving Judge Rosenman's office we passed in front of the newspapermen assembled for the President's Friday morning conference.



Memorandum for Judge Rosenman:

There are attached several inserts which are suggested for inclusion in the message of the President on the state of the Union (beginning at page 42). We have indicated on the copy of the message which you forwarded to us, which we are returning herewith, the places where these inserts could appropriately go.

It should be noted that Insert F, for inclusion at the bottom of page 48, is in substitution for pages 44 and 45, which we find very unsatisfactory.

The draft as we have it suggests three very minor tax changes but introduces them as things to be done "at the end of the war in order to encourage capital to invest in new enterprises and provide jobs." Only the first of the three would have any applicability to the post-war situation. Of the other two the first suggests making available a limited percentage of post-war refunds of excess profits taxes. All of these refunds will of course be payable after the war without any new action. The final suggestion is for a limited increase in the excess profits tax exemption, while presumably the entire tax will go out after the war. It seems obvious that whoever suggested these last two changes intended them as something to be given effect immediately and not as part of a post-war program, which they are not. If any suggestions are to be made in the message as to a post-war tax program they should deal with matters much more fundamental than these.

The language relating to the public debt seems to say that reduction in the debt in the years prior to 1927 was a mistake and caused the depression. In contradiction to this it then proceeds to advocate steady year to year reduction of the debt. We assume that something must have been omitted here and that the intention was to say that the Mellon tax reductions beginning in 1928 helped to create the depression. This

would be economically more justifiable, but even so the conclusions are extravagant and would tend to discredit the message. Also the figures given in this paragraph are inaccurate. In any event we think it unwise to make any specific commitment at this time as to a year to year reduction in the public debt.

As you will note minor changes in language have also been made in various places by pencil on the draft of the message.

62
Copy sent to [unclear]

Insert A (page 42)

yes
I said then and I say now that these economic truths represent a second bill of rights under which a new basis of security and prosperity can be established for all - regardless of station, race or creed.

Insert B (page 42)

yes

The Federal Government must assume the responsibility for seeing to it that these rights become realities.

Insert C (page 46)

This necessary expansion of our peace time productive capacity will require new facilities, new plants and new equipment.

It will require large outlays of money which should be raised through normal investment channels. But while private capital should finance this expansion program, the Government should recognize its responsibility for sharing part of any special or abnormal risk of loss attached to such financing.

Yes { We must expand our foreign trade. Important progress to this end was achieved at the Bretton Woods Conference last year. The adoption by Congress of the Bretton Woods Agreements will be proposed by me at an early date.

Insert D (page 47)

A well-housed America must have modern homes - homes with all the latest electrical and mechanical equipment which will eliminate the drudgery of household work. We must be a land of homeowners, and to that end we must assure every family an opportunity for home ownership by making certain that there is available private credit on satisfactory terms.

Insert E (page 47)

We must have an educated and informed America. Even now most of our rural areas and some of our urban areas are poorly provided with schools. Our teachers are underpaid. Our schools are badly understaffed. We need more schools and at least one-half million more teachers. Through Federal aid to poorer communities for the development of locally controlled educational programs, we must equalize and extend educational opportunities throughout the land. We must provide facilities for technical and higher education for all qualified young men and women without regard to their financial means. In this America, the pioneer of free education, the right to technical and higher education should be as universal as the right to a secondary school education.

Pencil changes

Insert F (page 48)

The millions of productive jobs that a program of
 this nature could bring are jobs in private enterprise.
 They are jobs based on the expanded demand for the output
 of our economy for consumption and investment. ^{Through} a program
 of this character ~~can provide business~~ ^{we can maintain} a national
 income high enough to provide for an orderly retirement
 of the public debt along with reasonable tax reduction.

UPM

Our present tax system geared primarily to war
 requirements must be revised for peacetime so as to encourage
 private demand.

While no general revision of the tax structure can
 be made until the war ends on all fronts, I urge the Congress
 to grant tax relief at the end of the war ~~in order to~~ ^{designed to}
 encourage capital to invest in new enterprises and to
 provide jobs. As an integral part of this program to
 maintain high employment, we must after the war is over
 reduce or eliminate taxes which bear too heavily on con-
 sumption. ~~Broad markets are needed to sustain high pro-
 duction and employment and so long as consumption is taxed
 heavily we cannot attain our fullest employment and business
 opportunities.~~

January 5, 1944
4:20 p.m.

GROUP

Present: Mr. D. W. Bell
Mr. Gaston
Mr. White
Mr. C. S. Bell
Mr. Blough
Mr. Luxford
Mr. DuBois
Miss Chauncey
Mrs. McHugh
Mrs. Klotz

H.M.JR: Do you remember the man who was in charge of supplies in the Navy during World War One? What was his name?

MR. D.W. BELL: Peoples.

H.M.JR: No, Peoples' boss. Anyway, he had no chairs in his office.

MR. D.W. BELL: No.

H.M.JR: The thing I want to tell you--the others aren't here--is that I think we had a very good week. The Budget Message was successful, and the State of the Nation Message--

MR. D.W. BELL: I am not sure of the Budget Message.

H.M.JR: The State of the Nation--I am just making a summary. I had the meeting with the bankers, and White's name went up. I want to thank Gaston and Roy and this fellow here (indicating DuBois) for what they did on the State of the Nation Message. I think we had a good week.

(Miss Chauncey enters the conference)

-2-

H.M.JR: That is all I wanted to say. You did a lot.

MR. GASTON: Good. I think that is right.

H.M.JR: That is right. I will be back Saturday night. Have a good week end.

MR. GASTON: Did you get your little note to Deac?

H.M.JR: No.

MRS. KLOTZ: It is there.

H.M.JR: I am taking it with me.

MRS. KLOTZ: He wants to take it with him.

MR. WHITE: Are you reading it on the train?

H.M.JR: No.

MR. GASTON: You asked me for something on the same subject to Meyer.

H.M.JR: Incidentally, what I am doing here now--did I interrupt you?

MR. GASTON: No, no.

H.M.JR: What I meant to say was this: The only thing I made a change on is, I am sending the President this thing on the proposed Executive Order on the Financial Policy Board. I have decided you have to attack on this thing, and I spoke to Stettinius, showed him a letter at Cabinet. He was glad to have me send this letter. I am asking for an appointment to see the President now.

The point is this: Budget is doing something on this whole re-organization of external finances, commerce and all the rest of that stuff. See if you can find out--

- 3 -

MR. D. W. BELL: They are?

H.M.JR: Yes. And would you please (Gaston) with the help of Coyne write a letter to every State Chairman by Monday congratulating them?

MR. GASTON: Every State Chairman?

H.M.JR: Yes, yes.

MR. GASTON: Yes.

H.M.JR: Mrs. McHugh, I want Yost over here.

MRS. MCHUGH: Yes, sir.

H.M.JR: And Colonel Black and his group at four o'clock Tuesday afternoon, and Berge. Do you people know what Berge is doing on cartels?

MR. DuBOIS: He has put out a book, we know that. I have it.

H.M.JR: I suggest somebody tell Joe O'Connell about it, will you? All right. Well, have a nice week end.

MRS. KLOTZ: Should she ask for an appointment or should she say Stettinius and you or just for you, or what?

H.M.JR: Tell Miss Tully to read that letter and say it is for Stettinius and she should open the letter before she gives it to the President and suggest that she get us an appointment based on that letter.

MR. GASTON: The President is making his chapter in that film for War Finance tomorrow night--that newsreel--and some day next week they would like to have you do yours.

H.M.JR: All right.

-4-

MR. D.W. BELL: We were not altogether successful on the Budget Message. The material that was in the State of the Union Message on debt retirement was transferred to the Budget Message but was not nearly as bad as the original. But some of it did get in the Budget Message. The President said he wanted it in that way. I have been busy but I couldn't get it out. The sixty to eighty million range in expenditure estimates to which we strenuously objected went in also at the President's direction.

January 5, 1945

My dear Mr. President:

I am sending you, enclosed herewith, a memorandum on a Foreign Financial Policy Board, and also a proposed Executive Order.

Ed Stettinius and I would like to have an opportunity to discuss this with you at an early date. This does not mean that Ed and I are having any fundamental differences; on the contrary, we have gotten off to a grand start together. However, it is our belief that nobody but yourself can settle this question because, quite frankly, we do not know just what you have in your mind.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

The President,
The White House.

*Sent by SS. 2/24
Ment Gansday
505 pm
Phone 2-1111*

MEMORANDUM RE: ESTABLISHMENT OF A FOREIGN
FINANCIAL POLICY BOARD

1. The President suggested to the Secretary of State, on August 21, the possibility of establishing a Foreign Financial Policy Board. The Secretary of State, on September 26, raised certain doubts with respect to this proposal, stressing the functions of the Executive Committee on Economic Foreign Policy. The Secretary of State indicated, however, that there might be a need for an interdepartmental committee to coordinate, within the general framework of foreign economic policy, foreign financial activities and indicated that he would be glad to ask the Executive Committee on Economic Foreign Policy to explore the matter and prepare a plan for coordination of our foreign financial operations.

2. The Executive Committee on Economic Foreign Policy has now submitted a plan proposing the creation of a Financial Section of that Committee which would be on an equal level with the General Section of the Committee, both Sections having the power to make recommendations to the President. It is provided that the Executive Secretary of the Executive Committee should be the secretary of the Financial Section as well as the General Section, and the Executive Committee Secretariat should serve the Financial Section as well as the General Section.

3. This proposal submitted by the Executive Committee on Foreign Economic Policy has a great deal of merit. In view of the fundamental importance of the issues with which both the economic and financial committees will be dealing and in order that those committees may carry as much weight with governmental authorities as possible, it is suggested that both committees be formally established at a Cabinet level. The Secretary of State would chairman the committee on foreign economic matters and the Secretary of the Treasury would chairman the committee on foreign financial matters. Both Cabinet committees would, of course, have appropriate technical sub-committees.

4. As a further measure to augment the prestige of the proposed Committee, it is suggested that it be established pursuant to Executive Order.

5. It is also suggested that both committees have separate secretariats although close liaison could be maintained between the two secretariats. Both secretariats would exchange documents and each could have a representative at all of the meetings of the other's committee.

6. The Executive Committee on Economic Foreign Policy has suggested that the Financial Section of that Committee should represent the Treasury Department, the Department of State, the Reconstruction Finance Corporation, the Foreign Economic Administration, and the Export-Import Bank. The Committee also suggests that there should be an observer from the Bureau of the Budget and that representatives of the Board of Governors of the Federal Reserve System, the Office of Economic Stabilization, the Surplus Property Board, the Securities Exchange Commission, and other agencies be invited to participate when subjects of particular interest to them are under consideration. The Treasury Department agrees with these suggestions.

7. The Secretary of State, through his chairmanship of the foreign economic committee and his representation on the foreign financial committee, would be in position to coordinate the activities of both committees as well as to see to it that the decisions of both committees conform to the foreign policy of the United States as formulated by the State Department.

EXECUTIVE ORDER
ESTABLISHING A FOREIGN ECONOMIC AND
FINANCIAL POLICY BOARD

By virtue of the authority vested in me, as President of the United States, by the Constitution and statutes of the United States, and in order to provide for the more effective coordination of the functions and activities of the Government in relation to foreign economic and financial problems, it is hereby ordered as follows:

1. There is hereby established the Foreign Economic and Financial Policy Board (hereinafter referred to as the Board), to be composed of a Committee on Economic Foreign Policy (hereinafter referred to as the Economic Committee), and a Committee on Financial Foreign Policy (hereinafter referred to as the Financial Committee). It shall be the function of the Board, acting through these Committees and subject to the direction and control of the President:

(a) To develop unified programs and to establish policies with respect to the economic and financial relationships between this Government and foreign governments.

(b) To arrange for the unification and coordination of the activities of this Government relating to foreign economic and financial affairs.

- 2 -

(c) To report to the President at frequent intervals concerning its activities and to make such recommendations to him as the Board may deem appropriate.

All action of the Board shall be in conformity with the foreign policy of the United States as determined by the Secretary of State.

2. The Board shall discharge its responsibilities through the Economic Committee and the Financial Committee. Each Committee shall be coordinate in rank and each shall have the full power to speak for the Board within their respective spheres of activity.

(a) The Economic Committee shall consist of the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, the Chairman of the United States Tariff Commission, and the Administrator of the Foreign Economic Administration. The Chairman of the Committee shall be the Secretary of State.

(b) The Financial Committee shall consist of the Secretary of State, the Secretary of the Treasury, the Administrator of the Foreign Economic Administration, the Chairman of the Reconstruction Finance Corporation, and the President of the Export-Import Bank. The

- 3 -

Chairman of the Committee shall be the Secretary of the Treasury.

The Bureau of the Budget shall have an observer on each Committee. The Chairman of each Committee shall request the heads of other departments and agencies of the Government to be represented in the Committee's deliberations whenever matters specially affecting such departments or agencies are under consideration. Each member of each Committee may designate an alternate from among the officials of his Department or Agency and such alternate may act for such members in all matters relating to the Board.

3. The respective jurisdiction of the two Committees shall be determined by the Chairmen of the Committees acting jointly. The Chairmen shall consult together from time to time with a view to allocating functions among the two Committees and to coordinating their activities. In the event that the Chairmen are of the opinion that any particular problem should be considered by both Committees, they may decide to hold joint meetings.

4. The Chairman of each Committee shall appoint a Secretary to the Committee and such staff as may be necessary. The Secretary of each Committee or his representative shall be entitled to attend all meetings of the other Committee and shall be responsible for keeping the membership of his Committee fully acquainted with the work of the other Committee.

- 4 -

5. It shall be the duty of all agencies and departments to supply or obtain for each committee such information and to extend to each committee such assistance and facilities as the committee may require in carrying out the provisions of this order. Nothing contained in this order shall remove the responsibility or authority of each executive department or agency for carrying out its own functions and operations but such functions and operations shall be carried out in accordance with the over-all foreign financial policies formulated by the Board through its respective Committees.

6. All prior executive orders and instructions insofar as they are in conflict herewith are amended accordingly.

January 5, 1945

Dear Ed:

Enclosed herewith find copy of my letter
to the President.

Yours sincerely,

(Signed) Henry

The honorable Edward A. Stettinius, Jr.,
Secretary of State,
Washington, D. C.

*delivered by
S. S. Montgomery*

THE SECRETARY OF STATE
WASHINGTON

January 6, 1945

Dear Henry,

Thank you for sending to me
with your note of the 5th a copy
of your memorandum of the same
date to the President relative
to the Foreign Financial Policy
Board.

Sincerely yours,

A handwritten signature in cursive script, appearing to be 'E. A. Tamm', written in dark ink.

The Honorable

Henry Morgenthau, Jr.

Secretary of the Treasury

THE SECRETARY OF STATE
WASHINGTON

December 18, 1944

Dear Henry,

As agreed in my conversation with you
this afternoon, I return to you herewith
the papers you loaned me and of which I
have made copies.

Sincerely yours,



The Honorable
Henry Morgenthau
Secretary of the Treasury

*Filed Newford Jan 9/45
to order
5000 of Hepburn's article
Jaw Harry White's article*

JAN 5 - 1945

Secretary Morgenthau
Mr. O'Connell

You have asked whether any funds appropriated by the Congress are available for the purchase of reprints of your article entitled "Bretton Woods and International Cooperation", which appears in the January, 1945 issue of FOREIGN AFFAIRS magazine. You are also desirous of knowing whether such reprints may be franked or otherwise sent through the mails at Government expense.

It is my view that the Stabilization Fund created by section 10 of the Gold Reserve Act of 1934^{1/} is available for the purchase of the reprints in question.

For the purpose of "stabilizing the exchange value of the dollar" you are authorized by section 10 of the Gold Reserve Act of 1934, as amended, to deal in gold and foreign exchange. In order to enable you to carry out the purposes of section 10, the Stabilization Fund was created and made available for expenditure under your "direction" and in your "discretion" for "any purpose in connection with

^{1/} Act of January 30, 1934, c. 6, 48 Stat. 341, as amended (U.S.C. title 31, sec. 822a).

- 2 -

carrying out the provisions of * * * [the] section." Thus, broad powers have been conferred upon you to make expenditures for the purpose of stabilizing the exchange value of the dollar.

It is my opinion that the program developed at Bretton Woods is likely to promote the stabilization of the exchange value of the dollar; and, further, that distribution of your article, by enlisting the support of the public, will reinforce that program.

Sufficient authority exists for mailing the reprints. With certain exceptions not material here, section 6 of the Act of May 6, 1939, c. 115, 53 Stat. 683, as amended (U.S.C. title 39, sec. 321b) prohibits any executive department from transmitting through the mail, free of postage, any book or article unless a request therefor has been previously received by such department. Where no request has been received, it would appear that the use of the Stabilization Fund to pay postage on the reprints would be within the above-mentioned broad purposes of section 10 of the Gold Reserve Act of 1934.

Joseph J. O'Connell, Jr.
General Counsel

HAMILTON FISH ARMSTRONG
EDITOR

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2255

FOREIGN AFFAIRS



AN AMERICAN QUARTERLY REVIEW

48 EAST SIXTY-FIFTH STREET, NEW YORK 21

December 29, 1944

Hon. Henry Morgenthau, Jr.
Treasury Department
Washington, D. C.

Jo
1, 2

Dear Mr. Morgenthau:

If you wish reprints of your article which appears in the January issue of FOREIGN AFFAIRS, we should be glad to furnish them to you at cost. This will amount to \$19.00 for the first hundred copies and \$3.50 for each additional one hundred.

The price is based on printing from type standing and therefore applies only to orders received by February 1 at which time the type of this issue will be broken up.

If you care to have us place an order for you, please be good enough to let me know as promptly as possible.

Yours sincerely,

F. D. Caruthers, Jr.
F. D. CARUTHERS, Jr.
Business Manager

H

100 copies of 10m 0-1 (1)
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Tinklesh

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JAN 5 1945

My dear Dr. Kung:

I have received your letter of January 3, 1945 enclosing copy of cable from Mr. O. K. Yui, Minister of Finance, regarding shipments of gold to China.

I am giving this matter my close attention and hope to be able to give you my decision in the near future. You may be assured that in making my decision I will give fullest consideration to the best interests of China.

With kindest personal regards, I am

Yours sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Dr. H. H. Kung
Room 706D,
Shoreham Hotel,
2800 Calvert St. N.W.,
Washington, D. C.

ISP/efs 1/5/45

act to 322

Regraded Unclassified

EXECUTIVE YUAN
NATIONAL GOVERNMENT OF CHINA

*White - prepare
New Amaguchi -*

January 3, 1945

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

My dear Mr. Secretary:

On December 15, 1944 Mr. Hsi Te-mou wrote a letter to Mr. Friedman enclosing a copy of telegram from Mr. O. K. Yui, Minister of Finance, in which Mr. Yui requested your Department's assistance to hasten the shipments of gold to China to meet the Chinese Government's commitments.

As the situation in China requires the immediate arrival of more gold shipments, Mr. Yui has sent another urgent wire requesting me to approach you to facilitate such shipments. During the past decade I have enjoyed your valuable friendship and untiring co-operation and assistance in matters which were of mutual interest to our two countries. Therefore, I am sending you a copy of Mr. Yui's latest telegram and hoping you will give this matter your prompt and favorable attention.

With kindest personal regards,

Yours sincerely,

H. H. Kung
H. H. Kung

INCOMING TELEGRAM

No. _____

From Q. K. TUIRecd JANUARY 2, 1945For H. E. DR. H. H. KUNGSent DECEMBER 30, 1944

(TRANSLATION OF CHINESE TELEGRAM - IN SUBSTANCE)

WITH REGARD TO OUR REQUESTS FOR DRAWING FROM U. S. CREDIT FOR IMMEDIATE SHIPMENTS OF GOLD AND TO THE AMOUNT OF GOLD SOLD AND OUTSTANDING TO BE PAID, I TELEGRAPHED ON DECEMBER 11TH TO HSI TE-MOU TO REPORT AND REFER TO YOUR EXCELLENCY FOR INSTRUCTIONS.

OUTSTANDING AMOUNTS REMAINING TO BE PAID AFTER DEDUCTING ABOUT 80,000 OUNCES RECENTLY ARRIVED IS STILL OVER 200,000 TAEI WEIGHT. ALSO OVER 100,000 TAEI WEIGHT TO BE PAID ON THREE MONTH'S GOLD DEPOSITS MATURING MARCH. ALL THESE SHOULD BE PAID IN ORDER TO MAINTAIN NATIONAL CONFIDENCE. MOREOVER ON ACCOUNT OF THIS YEAR'S (1945) DEFICIT IN OUR NATIONAL BUDGET THE SALE OF GOLD TO MEET THIS DEFICIT IS KEENLY ANTICIPATED IN ALL QUARTERS CONCERNED. THEREFORE MAY I RESPECTFULLY REQUEST YOUR EXCELLENCY TO TAKE UP WITH U. S. TREASURY QUESTION OF EXPEDITING SHIPMENTS OF US\$80,000,000 WORTH OF GOLD AND ALSO COMPLETION OF MINTING AND SHIPMENTS OF US\$100,000,000 OF GOLD TOKENS BY U. S. MINT AT THE EARLIEST POSSIBLE MOMENT SO AS TO STABILIZE OUR WARTIME ECONOMY AND TO FURTHER OUR WAR EFFORT. KINDLY INSTRUCT BY CABLE.

January 5, 1945

My dear Mr. President:

I was both surprised and pleased to read the enclosed editorial which appeared in this morning's Washington Post.

I am also enclosing herewith a copy of the statement that was given out by Senator George and Congressman Doughton, which may have escaped your notice.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

The President,

The White House.

The Washington Post

JAN 5, 1945

Byrnes And Morgenthau

His job as Director of War Mobilization and Reconversion undoubtedly gives James F. Byrnes great latitude to make legislative recommendations to Congress regarding a wide variety of war and postwar problems. Nevertheless we think that Secretary Morgenthau and his aides are justified in resenting Director Byrnes' failure to consult them before making public his tax revision proposals. His suggestions for assisting business recovery after the end of the European war are certainly worthy of the serious consideration he asks for them. But it is significant that not one of his recommendations is offered for immediate action—a clear indication that the present emergency does not warrant usurpation of the functions of Treasury officials. Such interference is especially unfortunate at this time, when Treasury and congressional tax experts are cooperating in working out a program for submission to Congress in the near future.

In the past one of the serious obstacles to enacting well-balanced tax legislation has been the lack of close and friendly contacts between the Treasury and Congress. Sometimes members of Congress talk and act as if Treasury tax experts were official busybodies to be ignored or shouted down instead of being treated as aides in the formulation of tax programs for which the legislative and executive branches of Government are both responsible. The joint tax study now in preparation affords welcome evidence of improved relationships that augur well for the future. We sincerely hope that Director Byrnes' ill-timed and unwarranted attempts to put over a tax plan of his own will not upset the new *entente cordiale* or suggest to the public that responsibility for the tax program has been shifted to the shoulders of one man armed with emergency war powers.

Joint Statement of Representative Doughton
and Senator George

The Congressional Joint Committee on Internal Revenue Taxation for Post-War Taxation will be called together some time next week to continue consideration of tax problems relating to the transition and postwar period. The staffs of the Treasury and the Joint Committee on Internal Revenue Taxation will resume the presentation of material growing out of studies which have been carried on since last June at the direction of the Committee. This meeting follows an earlier meeting held just before the recess. The Committee expects to hold frequent meetings in order to be able to deal adequately with these problems at the appropriate time. The meetings of the Committee for the present will be executive and will involve consideration of technical data and material. We are pleased with the progress made thus far, which has been achieved through the close cooperation of the two staffs working as a unit.

Suggestions of the type made by Justice Byrnes, as well as many others, have been under study by the combined staffs and will be considered by the Committee.

Speaking for ourselves, we see no prospect of any major changes in our tax laws - at best until after the war with Germany. We make no predictions as to what should be done at that time.

The Joint Committee on Internal Revenue Taxation for Postwar Taxation is a non-partisan committee, having equal membership from both parties, and was created for the express purpose of studying and reporting to the proper committees - the Committee on Ways and Means of the House and the Finance Committee of the Senate - suggestions and recommendations relating to tax problems for the transition and postwar period.

11/21/45
11/21/45

January 5, 1945

My dear Eleanor:

I was both surprised and pleased to read the enclosed editorial, which appeared in this morning's Washington Post.

I am also enclosing herewith a copy of the statement that was given out by Senator George and Congressman Doughton, which may have escaped your notice.

Affectionately yours,

(Signed) Henry

Mrs. Franklin D. Roosevelt,
The White House.

January 5, 1945.

Eugene
Dear Mr. Meyer:

I want to express to you my great appreciation of the editorial in this morning's Post entitled "Byrnes and Morgenthau."

If you think it proper to do so, I should be happy to have you pass on this word to the man or men (if other than you) responsible for writing it and putting it in the paper.

I believe naturally that its conclusions are correct. I don't think Congress has yet passed any law that forbids cooperation in the executive departments.

This is, of course, personal and not for publication.

Sincerely,

(Signed) Henry

Secretary of the Treasury.

Mr. Eugene Meyer
Publisher, The Washington Post
Washington, D.C.

HEG/mah

WES

January 5, 1945.

Dear Deac:

I read the editorial entitled "Tips for Henry" in the World Telegram last night. I don't mind getting tips, no matter how silly and how partisan they often are; and I know you won't mind my giving you a tip in a perfectly friendly but less public way, since I don't intend this for publication.

The tip is this: The trouble with the Scripps-Howard editorial page policy is that it is just too damn smart. There seems to be something about this effort to be smart, in a cheap and partisan way, which blocks the higher mental processes. I am sorry to have to say that the Scripps-Howard editorial policy suffers generally from this disease, which, in my opinion, was the main thing wrong also with Dewey's campaign for President. It was a Scripps-Howard type of campaign and the speeches were the Scripps-Howard type of speeches. They were smart on the level that used to be called smart-aleck, which often turns out to be not very smart after all.

Now let me get down to the material in the "Tips for Henry" editorial. It says: "This law makes Mr. Byrnes an agent of Congress." In fact it doesn't do anything of the kind. It doesn't make Mr. Byrnes an agent of the Congress in any different sense than the law of 1789, which created the office of Secretary of the Treasury, makes me an agent of the Congress. The Act in fact states that Mr. Byrnes shall perform his duties under the direction of the President. It is true that he is required to report to the Congress. So am I. So are various other members of the Cabinet. The requirement that he shall report more frequently doesn't change the situation in the least. He is one of the executive officers of the Government, appointed by the

- 2 -

President, and responsible to him in exactly the same way as all other administrative employees.

There has been no law passed by the Congress so far as I know which prevents or even seeks to prevent consultation and collaboration between officers of the Administration. It seems to me to represent absurdly juvenile thinking to suppose for an instant that the Congress would even consider passing such legislation or that it would have any effect if Congress did pass it.

This prompts me to add another tip to you; which is that you suggest to your boys that they do a little reading, not only of the War Mobilization and Reconversion Act, which it is apparent they have not really read, but also of the Constitution and Laws of the United States, and perhaps some of the commentaries thereon, which would give them a little better working knowledge of the Government of the United States and thus equip them, if not to pass judgment on the acts of officers of the Government, at least to write smart-aleck editorials which would be a trifle more truthful and convincing.

I am going to be generous and give you still another tip. That is, that you read the editorial in the Washington Post of this morning entitled "Byrnes and Morgenthau." It merely shows of course that there can be differences of opinion. I suggest that there may be many readers of the Scripps-Howard chain who can actually read and who can do a little thinking of their own. People of that stripe pay some attention not only to what a man says, but to the manner in which he talks. They can be convinced by candor, sincerity and honesty just as they can be convinced in another sense by

- 3 -

cheapness, flippancy, irresponsibility and loose talk
in general.

I hope you will come in to see me again some of
these days. I enjoy talking to you.

In all sincerity,

Yours,

(Signed) Henry

Secretary of the Treasury.

Mr. George B. Parker
Scripps-Howard Newspapers
Daily News Building
1013- 18th Street, NW.
Washington, D.C.

MPH

JAN 4 - 1945

Tips for Henry.

A Treasury "spokesman" announces solemnly that "Secretary Morgenthau was not consulted and knew nothing about" War Mobilizer Byrnes' tax proposals. In other words, Mr. Morgenthau is miffed because he thinks his jurisdiction has been invaded by Mr. Byrnes.

Here's a tip, Mr. Secretary: Read the War Mobilization and Reconversion act. This law makes Mr. Byrnes an agent of Congress. It requires him to recommend, among other things, measures to encourage postwar expansion of production and employment. That's the object of his tax proposals. This law does not require Mr. Byrnes to consult the Secretary of the Treasury. That might be because the present Secretary of the Treasury has abundantly shown himself no authority on the sort of taxes that would encourage business and industry to expand production and employment.

Another tip, Mr. Secretary: Read the President's campaign speech at Chicago last Oct. 28. Mr. Byrnes' principal tax proposal is to permit a speedier write-off of investments in industrial machinery. This same proposal was made by Mr. Roosevelt at Chicago. He listed it as one of the things government should do to help provide America with close to 60 million productive jobs.

Weren't you listening, Henry?

DRAFT DICTATED BY SECRETARY MORGENTHAU.

January 5, 1945.

Dear

Thanks for the tip. The trouble with your editorial page, as far as I am concerned, is that it is so biased and so unfair and so unreasonable that it really isn't worth reading or listening to. While I realize perfectly well that your head is very deep in the sand and that you don't want to listen or see, I am enclosing herewith an editorial from today's Washington Post, entitled "Byrnes and Morgenthau" and may I give you a tip and suggest that you read this editorial with the hope that you may learn something.

Yours sincerely,

To be addressed either to the
Editor, New York World Telegram
or (if the editorial appears
in Scripps-howard papers
this pm)

Dear Deac:

JAN 5 1945

Dear Harry:

I want to thank you for the great help the Army gave us in the Sixth War Loan. We overshot our quota by more than fifty per cent. This great success would hardly have been possible without the assistance of the Army Ground, Air and Service Forces in commands throughout the country in addition to the liberal cooperation we received from headquarters in Washington.

The outstanding national promotions of the drive were the fine "Here's Your Infantry" troop demonstration units, the "Airmada" of eight types of Army planes, and the B-29 and Troop Carrier Command exhibitions. Reports from our War Finance Chairmen in all states visited by these units testify to their powerful impact on the public. They helped our chairmen to equal and exceed community and state War Bond quotas, and they were effective also in showing the civilian population in 26 states something of the duties and performance of the Infantry and Air Force in the war.

I appreciate greatly your having made these facilities available to us and trust that we may continue to count upon your interest and assistance in future drives as in the past.

Sincerely,

(Signed) H. Morgenthau, Jr.

The Honorable Henry L. Stimson
Secretary of War
Washington, D.C.



THE SECRETARY OF THE TREASURY
WASHINGTON

Dear Harry:

~~May I take this opportunity to express to you my keen appreciation for the magnificent cooperation of the Army in the Sixth War Loan. ^{The overwhelming} success of the drive would not have been possible without the assistance of the Army Ground, Air and Service Forces in ~~the~~ commands throughout the country in addition to the ~~very~~ liberal cooperation we received from Headquarters in Washington.~~

the great help the Army gave us. We overestimated the magnitude of more than 50 percent. also

The outstanding national promotions of the drive were the fine "Here's Your Infantry" troop demonstration units, the "Airmada" of eight types of army planes, and the B-29 and Troop Carrier Command exhibitions. Reports from our War Finance Chairmen in all states visited by these units testify to their powerful impact on the public. They ~~not only enabled~~ our Chairmen to equal and exceed community and state War Bond quotas, ~~but~~ they were extraordinarily effective in ~~bringing home~~ to the civilian population in 26 states the duties and magnificent performance of the Infantry and Air Force in the war.

I appreciate ~~immensely~~ your having made these facilities available to us and trust that we may continue to count upon your interest and assistance in future drives as in the past.

gratefully Sincerely yours,

Henry

and

Honorable Henry L. Stimson
Secretary of War
Washington, D. C.



JAN 5 1945

Dear General Arnold:

Permit me to thank you for the fine contribution made by the Army Air Forces to the success of the Sixth War Loan.

The outstanding promotions of the drive were the fine Troop Carrier Command, B-29 demonstrations and the "Airmada" of eight types of combat planes. Reports from our War Finance Committee Chairmen in all states visited by these units testify to their powerful impact on the public. They were effective in bringing home to the public the duties and magnificent performance of the Army Air Forces in the War in addition to helping our chairmen to meet and exceed their War Bond quotas.

We are particularly grateful for the energetic assistance and unfailing cooperation of Lt. Colonel Stanford Chester in arranging the several major tours and in selecting and assigning returned personnel as War Bond speakers throughout the drive.

I appreciate immensely your having made Army Air Force facilities available to the Treasury Department and trust that your interest and assistance may be counted upon in future drives as in the past.

Sincerely,

(Signed) H. Morgenthau, Jr.

General Henry H. Arnold
Commanding General
United States Army Air Forces
Washington 25, D.C.



THE SECRETARY OF THE TREASURY
WASHINGTON

Dear General Arnold:

Permit me to thank you for the fine
~~way I take this opportunity to express to you my~~
~~keen appreciation for the magnificent contribution made~~
by the Army Air Forces to the success of the Sixth War
Loan.

Airmada

The outstanding promotions of the drive were the
fine Troop Carrier Command, B-29 demonstrations and
the ~~made~~ of eight types of combat planes. Reports
from our War Finance Committee Chairmen in all states
visited by these units testify to their powerful impact
on the public. They were ~~extraordinarily~~ effective in
bringing home to the public the duties and magnificent
performance of the Army Air Forces in the War in addition
to ~~enabling~~ our chairmen to meet and exceed their War
Bond quotas.

helping We are particularly grateful for the *enabling*
~~unfailing~~ assistance and cooperation of Lt. Colonel Stanford
Chester in arranging the several major tours and in
selecting and assigning ~~outstanding~~ returned personnel
as War Bond speakers throughout the drive.

I appreciate immensely your having made Army Air
Force facilities available to the Treasury Department
and trust that your interest and assistance may be
counted upon in future drives as in the past.

unfailing

Sincerely yours,

J. M. [Signature]

General Henry H. Arnold
Commanding General
United States Army Air Forces
Washington 25, D. C.



JAN 5 1945

Dear Jim:

I want to thank you for the very fine contribution made by the Navy to the success of the Sixth War Loan drive.

The participation of naval personnel throughout the country, in addition to the unfailing cooperation we received from the Department in Washington, was responsible in large measure for the results we achieved nationally.

The Navy Show in Chicago was an outstanding event of the drive. It not only helped our War Finance Chairmen in that area to make and exceed their War Bond quotas, but it was extraordinarily effective in bringing home to the civilian population the magnificent performance of the Navy in the war.

I appreciate greatly your having made these facilities available to us and trust that we may count upon your interest and assistance in coming drives, as in the past.

Sincerely,

(Signed) *James V. Forrestal*

The Honorable James V. Forrestal
Secretary of the Navy
Washington, D.C.



THE SECRETARY OF THE TREASURY
WASHINGTON

Dear Jim:

I want to thank you for the very fine
~~May I take this opportunity to express to you my~~
~~keen appreciation for the magnificent~~ contribution made
by the Navy ^{to} in the success of the Sixth War Loan drive.

The participation of naval personnel throughout the country, in addition to the unfailing cooperation we received from the Department in Washington, was responsible in large measure for the results we achieved nationally.

The Navy Show in Chicago ^{only helped} was an outstanding event of the drive. It not ~~only enabled~~ our War Finance Chairmen in that area to make and exceed their War Bond quotas, but it was extraordinarily effective in bringing home to the civilian population the ~~details and~~ magnificent performance of the Navy in the war.

I appreciate ^{greatly} ~~immensely~~ your having made these facilities available to us and trust that we may count upon your interest and assistance in coming drives, as in the past.

Sincerely yours,

Honorable James V. Forrestal
Secretary of the Navy
Washington, D. C.



JAN 5 1945

Dear General Vandegrift:

Please accept this as an expression of my thanks to you for your effective cooperation in the Sixth War Loan.

The participation in the campaign of Marine Corps personnel throughout the country in addition to the unflinching cooperation we received from Headquarters in Washington contributed in large measure to the success we achieved nationally.

I appreciate greatly your having made Marine Corps facilities and personnel available to the Treasury and trust that we may count upon your interest and assistance in coming drives as in the past.

Sincerely,

(Signed) H. Mergenthaler, Jr.

Lt. General Alexander A. Vandegrift
Commandant
United States Marine Corps
Arlington Annex
Washington 25, D.C.



THE SECRETARY OF THE TREASURY
WASHINGTON

Dear General Vandegrift:

Please accept my appreciation of my thanks to you
~~May I take this opportunity to express to you my~~
~~keen appreciation~~ for your splendid cooperation in
the Sixth War Loan. *Effective*

The participation in the campaign of Marine Corps personnel throughout the country in addition to the unfailing cooperation we received from Headquarters in Washington contributed in large measure to the success we achieved nationally.

I appreciate *greatly* ~~immensely~~ your having made Marine Corps facilities and personnel available to the Treasury and trust that we may count upon your interest and assistance in coming drives as in the past.

Sincerely yours,

Lt. General Alexander A. Vandegrift
Commandant
United States Marine Corps
Arlington Annex
Washington 25, D. C.



JAN 5 1945

Dear Admiral Waesche:

Permit me to express to you my thanks for the splendid cooperation of the Coast Guard in the Sixth War Loan.

The participation of Coast Guard personnel in the campaign throughout the country, in addition to the unfailing assistance we received from Captain Reed-Hill at Headquarters in Washington, contributed in great measure to the success we achieved nationally.

I appreciate greatly your having made Coast Guard facilities available to the Treasury Department and trust that we may count upon your assistance in coming drives as in the past.

Sincerely,

(Signed) H. Morgenthau, Sr.

Vice Admiral Russell R. Waesche
Commandant, United States Coast Guard
1300 E Street
Washington 25, D.C.



THE SECRETARY OF THE TREASURY
WASHINGTON

Dear Admiral Waesche:

Thanks
Permit me to
~~say I take this opportunity~~ express to you
my ~~keen appreciation~~ appreciation for the splendid cooperation
of the Coast Guard in the Sixth War Loan.

The participation of Coast Guard personnel in
the campaign throughout the country, in addition
to the unfailing assistance we received from Captain
Need-Hill at Headquarters in Washington, contributed
in great measure to the success we achieved nationally.

I appreciate *greatly* ~~greatly~~ your having made Coast
Guard facilities available to the Treasury Department
and trust that we may count upon your assistance in
coming drives as in the past.

Sincerely yours,

Vice Admiral Russell R. Waesche
Commandant
United States Coast Guard
1300 E Street
Washington 25, D. C.



MEMORANDUM FOR THE SECRETARY.

January 5, 1945

Mail Report

So far as volume is concerned, our mail is now swinging back into its old stride. While there remained comparatively few letters from which quotations may be taken, the tone of most of those received was inclined to be antagonistic and belligerent.

The bitterest comment came from those who denounced the cancellation of ration points by the O.P.A., and drew the conclusion that future redemption of bonds might follow suit. Letters on this subject varied from pencil-written, misspelled inquiries of very ignorant buyers to well prepared and well phrased reports of local conditions by bank officials, etc. Several copies of Westbrook Pegler's article of December 21 on the Estate Tax Return were sent in with endorsements of his views by the writers of the letters accompanying the clippings. The ban on racing brought a new crop of ideas for a Federal lottery as a source of revenue.

There were 20 requests for unpaid tax refunds varying from the pathetic to the indignant. About 20 relatives of Service men complained of delays in receiving bonds, and 9 spoke of overdue interest on bonds. Only 2 were submitted here for redemption. Inquiries about Adjusted Service Bonds dropped off slightly, but there was a noticeable increase in the number of routine questions about other bond holdings.

The 7 donations for the week ranged from \$5.00 to \$1,000, the latter a check transmitted by the Navy Department.

Memorandum for the Secretary.

January 5, 1945.

The White House mail during the month of December, 1944, reached a total of 328 letters. This compares with 220 in the same month of 1943, and 833 in 1941 - our previous low and peak years.

G. E. Forbush
by K. P.

General Comments

Philip Sher, M. D., Omaha, Nebraska. Enclosed please find a United States War Bond in the amount of \$100, Series F. I would like to add this to my previous contribution No. 2557. With victory greetings, * * *.

J. A. Velazquez, White Plains, New York. I have the pleasure to inform you that this is another money order of 5 dollars for the war effort. My number is 2954.

Unfavorable Comments on Bonds

Brenton F. Beverly, San Diego, California. I have always been brought up to trust the word of our Government, and have fought those who are saying the war bonds will be frozen at the end of the war and we better sell now. Fellow workers keep asking me. Now the ration points I held are cancelled after assurance that they were valid. I fear for the others; I may be wrong. Who will buy bonds in your next drive after this gets into people's minds? What can I say and do at such a time?

Mabel M. Richards, Alexandria, Virginia. It is not the loss of ration points, cancelled and invalidated, that is provoking this letter. The concern is the loss of faith in our Government, for if one department can nonchalantly repudiate its promise, why not any department? What about the Government Bonds now being so widely publicized with glorious promises? Are they, too, to be repudiated? I can think of no greater national calamity than for the Government to create distrust in the hearts and minds of its citizens. Our forefathers struggled and fought for sound principles and integrity in government. Are we to lose them?

Anonymous - Postmarked Litchfield, Illinois. (Quoting letter to newspaper saying that cancelling ration stamps was almost as shocking as repudiating War Bonds). This fellow, E. L., is rather blunt. But he is expressing exactly what a lot of people in this vicinity are thinking, and, I suppose, in every vicinity. If my government can lie to me and cheat me, why should my conscience hurt me if I return the compliment. This writer will not buy another bond unless O.P.A's action is repudiated - or at least condoned.

Gladys A. Jary, Watertown, Massachusetts. The recent act of the OPA in declaring certain Red Ration Point Coupons as worthless, has set me to thinking. I have five which come under that act. I have been using oleo and cutting down on meat purchases and thereby trying to collect enough red points to sometime get a piece of steak or roast beef (which I haven't had in a year). * * * Those ration points were my allotment -- if I so chose to use them in one day's purchases - I would have none for the rest of the period; that was my look-out. I believed in my Government keeping its word. I have always worked for a small salary, but have always tried to save a little for the day when my earning power will cease. During the 6th War Loan, I withdrew \$375.00 of my savings to purchase a Bond - also having bought Bonds on each "drive." Have just looked at my last Bond which bears your signature as Secretary of the Treasury and am wondering whether my Government is going to back this up when the time comes for payment, or will some such invalidation appear in the papers just before they mature. * * * It is a calamity when the people begin to lose confidence in their Government. * * *

Christopher B. Garnett, Barbour, Garnett, Pickett, Keith and Glassie (Law Offices), Washington, D. C. A client of mine has been regularly purchasing U. S. Savings Bonds, Series E, which are inscribed with her own name but not with an alternate beneficiary. She has been informed that if she dies before she cashes these bonds in, the bonds will not be payable to her estate. * * * An examination of these bonds would indicate that, in case of some of the bonds, there is no provision relating to the death of the owner. In others I find the following language: "In case of the disability or death of the owner, or other contingency specified in the regulations, instructions should be requested from the Treasury Department or a Federal Reserve Bank before a request for payment is executed." Will you not kindly give me definite information as to whether, upon the death of

- 4 -

the holder of a Series E Bond, his or her estate can cash the same in when the bond is payable to only one person and no alternate beneficiary is named? An immediate response would be appreciated, since one of my clients is considering cashing the bonds at the present time in order to avoid any contingency in regard to the matter.

Unfavorable Comments on Taxation

William J. Allen, Gainesville, Florida. I received Form 17A this morning from the Collector of Internal Revenue, Jacksonville, Florida, stating that I am indebted to the Treasury Department -- income tax \$183.80 - interest \$6.47. Sometime last January, there appeared a statement in the paper here to the effect that those persons who were puzzled in making out their income tax returns, could forward them to the Office of Internal Revenue at Jacksonville, Florida, with necessary data and they would be completed by that office. I forwarded my return for completion with all necessary data. About a month ago, a man from the Collector's Office visited me to sign a new return. He informed me that the error occurred in their office, as the data I had sent in with my return was correct, and it was not my fault that the return was made out wrong. Under the circumstances, I do not think that I should be required to pay the interest. * * * Can I make monthly payments on this debt without paying interest, as I am of the opinion I am a victim of someone's mistake in the Collector of Internal Revenue's Office.

Raymond G. Murphy, Fort Jackson, South Carolina. In February of this year, my wife and I filed 1943 income tax returns showing refunds due us of \$70.80 and \$92.52, respectively. On August 10, in answer to my inquiry, Joseph P. Marcelle, Collector, advised that refunds should be received within the next couple of months. In answer to my second inquiry, Mr. Marcelle on November 29 advises, "You will receive any refund to which you are entitled in due course." I fully realize that all refunds cannot be made simultaneously, but please consider my predicament. Very shortly I am going overseas. I need the money in question for my wife and expected child, and I am anxious that my wife have the money before I go overseas. I am, therefore, requesting you to help us obtain our refunds without further delay.

Congressman Lindley Beckworth (3d District Texas), Washington, D.C. Last year I wrote you about a sum of money owed by the Bureau of Internal Revenue to Mr. Knox Leed, 1425 Crescent Drive, Tyler, Texas. I wish to quote a pertinent part of a letter I have received from him recently. "The above mentioned return for year 1943, was filed during the latter part of January 1944, with the Dallas Internal Revenue Collector. On July 29th, 1944, the Collector, C. L. Fannin writes and wants to know why I filed no return for 1942 earnings, demanding immediate reply. Obliginglly I furnished not only what he requests, but his file number, and at the same time asked him about a little reciprocity in the way of refund. No answer, no refund - I have forgotten that the Internal Revenue Department is master of the people and have obligation to fulfill - they write their own rules and the public sings their tune. The above mentioned \$51.38 is not worth endeavoring to collect to the extent of obtaining the services of a specialist - and why should I have to do such a thing? Why should any Governmental Department be permitted to run rough-shod over the public?"

Mrs. Agnes L. D. Angel, Brooklyn, New York. For over 20 years I have been supporting a sister who has been forced by circumstances to live in South Africa. I am now an American citizen. Up to now I have been able to deduct this contribution towards my sister's support (and it is the larger part of her support) from my taxable income, and as I receive \$45.00 a week, I have been able to "take home" \$39.60. Out of this \$39.60, of course, I send my sister the money to help to support her so that as a matter of fact I have on the average of about \$30.00 left. My sister has been seriously ill lately so that I am obliged to send her extra money each week until she gets well. * * * Now, if you will not allow me to deduct this \$500.00 as I used to do, it means that I will have \$28.00 to live on instead of the

\$30.00. Do you not think this is a grossly unfair thing to do to your own people who have to support their near relatives? What does it matter whether they live in Timbuctoo or in Arizona? The support has to be given just the same. * * * I am very much distressed over this matter and I ask your very earnest consideration of exempting me from this penalty, for it leaves me practically nothing to live on. * * * I have not yet received the refund of my taxes which has been due me now for two years!



TREASURY DEPARTMENT

WASHINGTON 25

January 5, 1944⁵

TO: Secretary Morgenthau

FROM: J. W. Pehle

1. We are initiating a campaign to increase blood donations, and I will report results to you in a month.

2. I am having prepared reports for you on Procurement's policy with regard to purchasing from small business, and the story on the all-Negro firm with which we have been dealing.

3. I have sent word to Mr. O'Connell to furnish you with Lesser's record.

4. As I mentioned to you last night, we are taking steps to increase the surcharge on our Washington warehouse from 5 to 7% to meet the losses which this warehouse has been incurring.

5. We are taking action to eliminate the "Acting" from Silvermaster's title as Director of the Planning and Analysis Division of the Office of Surplus Property.

6. There is attached a leaflet put out by our Denver Office on some heavy drag lines which we are selling. I think this is an example of good promotional material and shows that our Regional Office is using its imagination in disposing of some unusual heavy equipment.

Attachment.

A handwritten signature in dark ink, appearing to read "J. W. Pehle".

Here is a Real Opportunity

CLASS OF SERVICE DESIRED	
DOMESTIC	CABLE
TELEGRAM	ORDINARY
DAY LETTER	URGENT
SERIAL	DEFERRED
OVERNIGHT TELEGRAM	HIGH LETTER
SPECIAL SERVICE	SHIP RADIOGRAM

Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary radiogram.

WESTERN UNION

1207

A. N. WILLIAMS
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

CHECK
\$
ACCOUNTING INFORMATION
\$
F
TIME FILED

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

XY 48 17 SER-WUX DENVER COLORADO DECEMBER 22 1944

TO: CONTRACTORS, SAND AND GRAVEL OPERATORS, MINERS, COAL STRIPPERS, EXCAVATORS, RAILROADS, INDUSTRIAL PLANT OPERATORS, AND MACHINERY DEALERS.

WE WISH TO EXTEND AN INVITATION TO YOU TO BID ON THE BUCYRUS-ERIE ELECTRIC 3 CUBIC YARD DRAGLINES WHICH ARE BEING OFFERED FOR SALE BY THIS DEPARTMENT AND WHICH ARE LOCATED NEAR CASPER, WYOMING.

THERE ARE 3 AVAILABLE FOR SALE AND YOU MAY SUBMIT YOUR BID ON ONE OR MORE.

PHOTOGRAPHS AS WELL AS DETAILED DESCRIPTIONS AND MAP SHOWING LOCATION ARE SHOWN ON THIS FOLDER. IF INTERESTED, WE SUGGEST THAT YOU WRITE OR WIRE US FOR BID FORMS.

THIS EQUIPMENT IS URGENTLY NEEDED BY MANY INDUSTRIES AND WILL FILL THE NEEDS OF INTERESTED PARTIES WHO HAVE A REAL PRODUCTION JOB TO DO.

FORMAL SEALED BIDS WILL BE RECEIVED ON FEBRUARY 15, 1945, AND PUBLICLY OPENED AT 2:00 P.M. MOUNTAIN WAR TIME.

IN THE EVENT THAT YOU ARE NOT INTERESTED WE WOULD APPRECIATE IT IF YOU WILL FORWARD THIS FOLDER TO SOMEONE WHOM YOU THINK MAY BE INTERESTED AS THIS IS A REAL OPPORTUNITY TO ANY PROSPECTIVE BUYER.

U. S. TREASURY DEPARTMENT
OFFICE OF SURPLUS PROPERTY
1030 - 15TH STREET
DENVER 2, COLORADO
PHONE: KEYSTONE 4151

3 CU. YD. BUCYRUS ELECTRIC DRAGLINE

1314-74



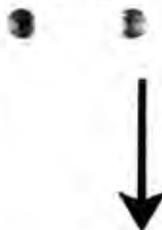
NO. 1314 - 74

BUCYRUS ELECTRIC DRAGLINE SERIAL NO. 3541, MODEL 14, CRAWLER TYPE, EQUIPPED WITH 62 FT. BOOM AND 14 FT. EXTENSION, ELECTRICALLY DRIVEN WITH STANDARD FAIRBANKS-HORSE MOTORS COMPLETE WITH TYPE RC 3 CUBIC YARD PAGE DRAGLINE BUCKET, ALSO \$2000 WORTH OF EXTRA REPAIR PARTS.

FOR NEAREST FREIGHT SIDING SEE MAP.

3 CU. YD. BUCYRUS ELECTRIC DRAGLINE

1314-72



NO. 1314 - 72

BUCYRUS ELECTRIC DRAGLINE SERIAL NO. 3539, MODEL 14, CRAWLER TYPE, EQUIPPED WITH 62 FT. BOOM AND 14 FT. EXTENSION, ELECTRICALLY DRIVEN WITH STANDARD WESTINGHOUSE MOTORS COMPLETE WITH TYPE RC 3 CUBIC YARD PAGE DRAGLINE BUCKET, ALSO \$1000 WORTH OF EXTRA REPAIR PARTS.

FOR NEAREST FREIGHT SIDING SEE MAP.

3 CU. YD. BUCYRUS ELECTRIC DRAGLINE

1314-75

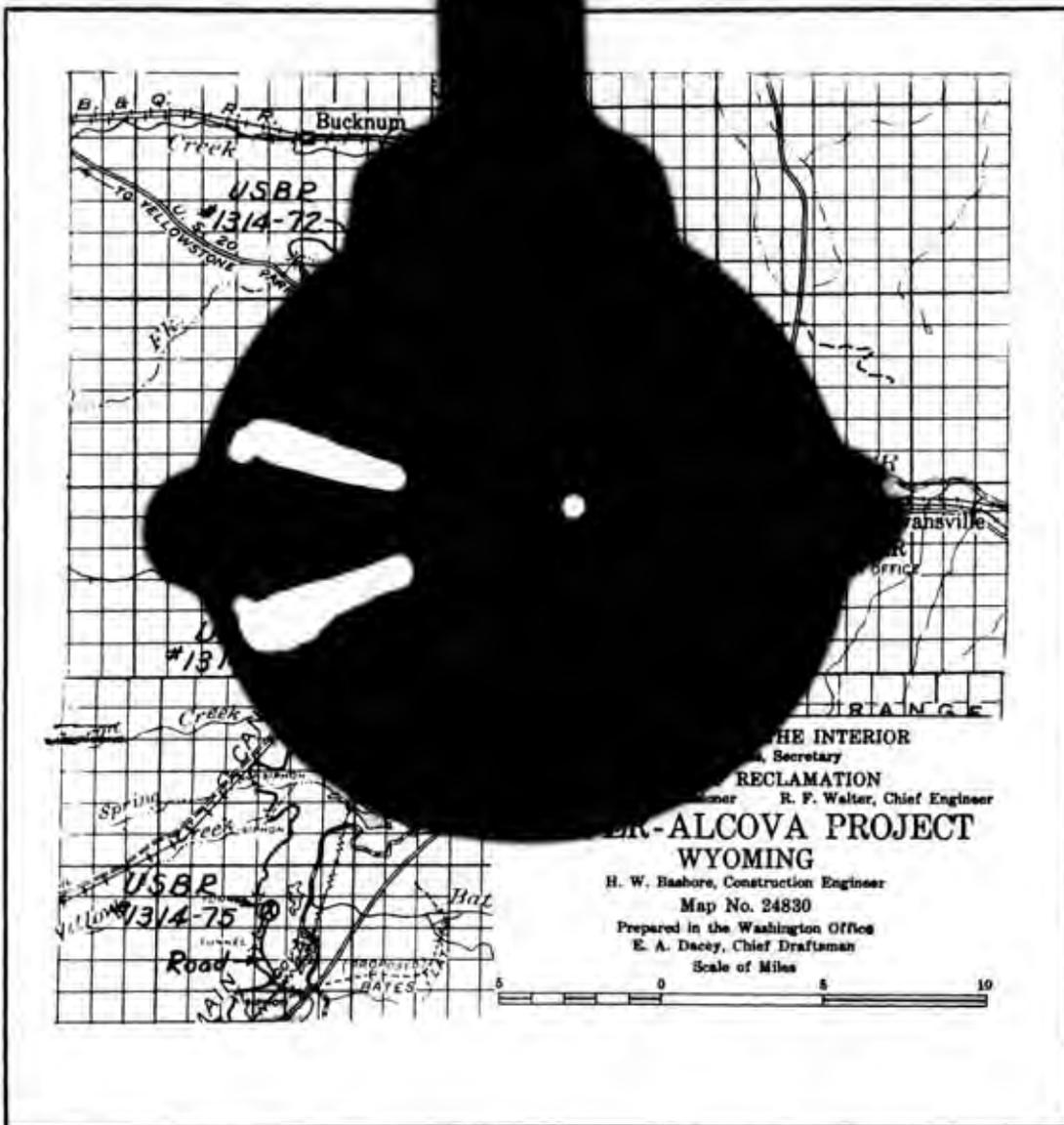


NO. 1314 - 75

BUCYRUS ELECTRIC DRAGLINE SERIAL NO. 3544, MODEL 14, CRAWLER TYPE, EQUIPPED WITH 62 FT. BOOM AND 14 FT. EXTENSION, ELECTRICALLY DRIVEN WITH STANDARD WESTINGHOUSE MOTORS COMPLETE WITH TYPE RC 3 CUBIC YARD PAGE DRAGLINE BUCKET AND SPARE PARTS WORTH \$2000, PLUS 1 TYPE RH 3 CUBIC YARD PAGE DRAGLINE BUCKET.

FOR NEAREST FREIGHT SIDING SEE MAP.





With the shortage which exists in large draglines, these machines cannot stand idle. There is much useful life remaining in them.

We invite your interest and ask that you make an inspection.

This Office will be happy to cooperate with you in every possible manner. Please write us any questions which may occur to you.

Don't forget, each of these machines have a fair quantity of replacement parts.

Sale will be made by sealed bid. Bids will be opened February 15th, 1945. Please write us for bid forms.

CORRECTION

MB

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

January 5, 1945

In cable from Sofia 32 December 23, noon
clearance refugees serial number should be
deleted. It is an unnumbered cable.

DIVISION OF CENTRAL SERVICES

CSB

CABLE TO AMERICAN EMBASSY, LONDON, FOR MANN, FROM WAR REFUGEE BOARD.

Please deliver following message to Jef Rens, International Labour Office, Parliament Street, London, from Suzanne LaFollette of Labor League:

QUOTE AFTER CONFERENCE WITH DEKOCK ARE ASKING AMERICAN GOVERNMENT AUTHORITIES AND NATIONAL WAR FUND TO AUTHORIZE FINET AS TRUSTEE LABOR FUND FOR BELGIUM TO USE MONEY BEHIND AXIS LINES IF NECESSARY PLEASE ASK MR. SPAAK TO SECURE BELGIAN GOVERNMENT APPROVAL OF THIS ALSO OF ALTERNATIVE USE IN BELGIUM AS PROPOSED ORIGINALLY BY DEKOCK. UNQUOTE

THIS IS WRB LONDON CABLE NO. 34.

2:15 p.m.
January 5, 1945

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
TO: Secretary of State, Washington
DATED: January 5, 1945
NUMBER: 167

CONFIDENTIAL

Reference Department's 10791, December 29, 1944.

With respect to proposed arrangements in paragraph 3 of message under reference, MEN is consulting other departments. In dealing with this question on refugees currency, MEN believes it particularly important that the two governments act on common agreed principles. MEN requests our assurance that the proposals in paragraph 3 are open to discussion between the two governments, if they find themselves unable to agree immediately for any reason. Pending receipt of opinions of the Department, the British have refrained from giving detailed consideration of this entire question for two months, but matter is being pressed with other departments concerned at this time.

WINANT

DC/L:MED:AN

1-6-45

MF-182

PLAIN

London

Dated January 5, 1945

Rec'd 11:40 p.m.

Secretary of State

Washington

177, Fifth

FOR PEHLE FROM MANN

The following messages are for Moses Leavitt from Joseph Schwartz:

"Please advise whether you have already discussed with Hias proposed joint migration service and status this project. Montefiore anxious discuss entire matter with Gottschalk upon his arrival here and I would appreciate information as to Gottschalk's reaction. If you have not already done so important you speak to him prior his departure. Would appreciate knowing what amounts you have transmitted to Saly Mayer December January. Please reply to Paris."

"After discussions Jewish Colonization Association agrees in principle participate in Palestine housing scheme but does not want its money invested au Fonds Perdue or to be utilized as revolving fund for housing. Passman and Singer agree that project could be worked out in satisfactory manner to safeguard Icas investments as well as our own. Central British fund is launching its appeal for one million pounds end this month and hopes to raise in the neighborhood of 750 thousand pounds until drive is over and they have clear indication of amount their disposal. They do not wish make any definite commitments regarding Palestine housing although project has been received sympathetically and believe participation will be forthcoming."

"Basis my discussions Passman regarding clothing requirements Balkans and liberated Poland also basis requirements in western countries cannot urge too strongly your undertaking immedia to drive for used clothing on county wide basis."

Machinery

-2- #177, Fifth, from London.

Machinery should also be set up to explore and utilize all possible shipping facilities to Teheran and to such other points as will be designated by us. While we aware shipping facilities not available for large quantities our best information that possibilities do exist for occasional small lots need for clothing so great and prices so high that shipments of second hand clothing will constitute tremendous saving rendering most important service possibilities procure clothing Palestine other points very limited therefore this would constitute major source supplies."

WINANT

BTM

CABLE TO AMERICAN EMBASSY, PARIS, FROM WAR REFUGEE BOARD.

Referring to our No. 887 of December 30 transmitting message from American Christian Committee for Refugees, address of Dr. Marc Boegner is 47 Rue de Clechy, Paris.

10:30 a.m.
January 5, 1945

BAS-257

PLAIN

Lisbon

Dated January 5, 1945

Rec'd 8:50 a.m. 6th.

Secretary of State,
Washington.

32, Fifth.

WRB 286 JDC 147 FOR LEAVITT FROM PILPEL.

Joseph Goldin Beyoglu advises following immigrants
transited Turkey to Palestine October from Romania 714 from
Hungary 3 from Bulgaria 72 November from Romania 61 from
Bulgaria 431 December from Romania 906 from Bulgaria
198 altogether 2405 including 566 Hungarian refugees 140
Polish refugees 380 Transistrian orphans.

HOBWEB

THE UNITED STATES MISSION

Bucharest, Rumania

January 5, 1945

RESTRICTED

SUBJECT: Transmission of two Reports From The
HICEM Representative in Bucharest

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

I have the honor to enclose two brief reports that were handed to me by Mr. S. Bertrand Jacobson, HICEM representative in Bucharest. I have accepted these reports for transmission to the Department for the information of the officers who are concerned with Rumanian affairs.

If the Department considers it appropriate, Mr. Jacobson will be grateful if copies of these are sent to HIAS-ICA Emigration Association of New York.

Respectfully yours,

Burton Y. Berry
United States Representative
in Rumania

Enclosures:

As stated

BYB:dm

840.1

Osald to Department

Enclosure No. 1 to Despatch No. 52 from
The United States Mission, Bucharest,
Rumania, dated January 5, 1945.

HIAS-ICA EMIGRATION ASSOCIATION
OF NEW YORK (HICEM)
Temporary Offices: c/o International
Red Cross, 7 Strada Polone.
BUCHAREST.

December 29, 1944.

TO: Burton Berry, Esquire,
American Minister

FROM: S. Bertrand Jacobson, HICEM representative.

SUBJECT: Statistics-Jewish Population of Rumania.

In the belief that figures showing the number of
Jews living in Rumania are of interest to you, I have
had prepared the following statistics on the subject.

1. According to the census of 1942 (July)
the total Jewish population of Rumania
amounted to 289,610
2. The total today is approximately 285,000
which, broken down according to re-
gions, is distributed as follows:-
Southern Bukovina (which remained
Rumanian after the Armistice of
August 1944 3,500
Transylvania (not including Northern
Transylvania recently reconquered) 39,500
Old Kingdom 242,000
3. Bessarabia in the census of July 1942
had a population of Jews 101
of which 100 at Christmas and 1 at
Isra'el.
In 1930 the Bessarabian Jewish popu-
lation was 190,826
(No figures are available showing the
Jewish population of Bessarabia after
its annexation to the U.S.S.R.)
4. Bukovina. The Jewish population of
this province according to the 1930
census was 129,233
but after the deportations in 1941
and 1942, to Transnistria, it fell to
of which 16,794 were in Germany. 17,199

- 2 -

5. Northern Transylvania, reconquered by the Russo-Rumanian armies, had a population of 150,000 Jews in 1930, but according to investigations now being made in that area, not more than 6000 Jews remain there.
6. Bucarest, in 1942, had a population of 98,048 Jews which number, following the Armistice of August 23, 1944 probably increased to 110,000 following the influx of Jews from the provinces.

S. Bertrand Jacobson.

Enclosure No. 2 to Despatch No. 52 from
The United States Mission, Bucharest,
Rumania, dated January 5, 1945.

HIAS-ICA EMIGRATION ASSOCIATION
OF NEW YORK (HICEM)

Temporary Office: c/o International
Red Cross, 7 Strada Polona.
BUCAREST.

December 28, 1944.

TO: Burton Berry, Esquire,
American Minister

FROM: S. Bertrand Jacobson, HICEM representative.

SUBJECT: Hungarian Refugees in Rumania

According to the most trustworthy data, which I have carefully checked with the responsible Jewish relief committees, the following figures present a fairly accurate picture of the number of Hungarian Jewish refugees now in Rumania. I have divided them into three categories which indicate their status before they escaped across the Rumanian frontier.

Category 1. This group consists of Hungarian Jews who escaped deportation from Hungary and who clandestinely crossed the Rumanian border since June 1944. They were not subject to forced labor in Hungary and there are numerous family groups among them. They are living principally in Bucarest, Arad and Temesvar (Timisoara). Their number is about 1500

Category 2. This group consists of Hungarian Jews who were deported from Hungary to do forced labor in the copper mines at Bor, Jugoslavia. Of the original 7000 in this group, approximately 3200 were freed by Marshal Tito's forces and were permitted by the Rumanian authorities to pass the frontier in September and October 1944. A very small number emigrated to Palestine. The number of this category in Rumania is 3200

Category 3. This group consists of Hungarian Jews who were members of forced labor battalions in Hungary and were taken prisoner by the advancing Russo-Rumanian forces. Most of them have been liberated and are living principally at Bucarest, Arad and Temesvar, and they are considered as refugees. They came principally from Hungary proper, and from Northern Transylvania recently reincorporated into Rumania. Their number is about 8000

12700

The latter total increases daily as the result of infiltrations into Rumania of Hungarians still escaping from Hungary.

To the figure of 12,700 Hungarian Jewish refugees in Rumania should perhaps be added between 4000 and 5000 Hungarian Jews who were recently liberated from Hungarian forced labor columns by the Russo-Rumanian offensive. This group is in Northern Transylvania where some of them originally resided.

The total amount spent on relief of the above refugees, in cash, from June to November 30, 1944 amounts to 456,000,000 Lei. Relief was granted not only for maintenance but also for the purchase of clothing equipment.

S. Bertrand Jacobson.

CABLE TO AMERICAN LEGATION, STOCKHOLM, FROM WAR REFUGEE BOARD.

Please deliver following message to Rabbi Wilhelm Holbe, 11
Olefsgotten, Stockholm, from Rabbis Aron Kotler, Abraham Kalmanowitz,
Ruwen Grosowski of the Vaad Hahatzala Emergency Committee:

QUOTE CABLE DECEMBER 21ST RECEIVED. MUST URGE YOUR CONTINUED
EFFORTS RE SHANGHAI RELEASE. WE CONTINUING THROUGH VATICAN OTHER
GOVERNMENTS. SWEDISH CITIZENSHIPS FOR GROUP NECESSARY ALSO FOR
ADDED PROTECTION UNDER UNCERTAIN CONDITIONS. ADVISE SHANGHAI
COMPLAINANTS THAT ASIDE FROM VAAD HAHATZALA AND EXTRAS TORAH FUNDS
LARGER SUMS ARE GIVEN BY TREASURIES OF DIFFERENT YESHIVOTH AND
INDIVIDUALS THEREFORE SOME RECEIVE MORE THAN OTHERS. ALL MUST
RELY IMPLICITLY ON SHMULEWITZ AND AVOID DISAGREEMENTS. UNQUOTE

THIS IS WRB STOCKHOLM CABLE NO. 282.

2:00 p.m.
January 5, 1945

CABLE TO AMLEGATION STOCKHOLM, SWEDEN

Reference your 5234 of December 22. Appreciate Swedish readiness to reconsider matter of submission in Berlin names of persons in Germany and German-occupied countries other than Hungary, as follow-up of original Swedish step. As stated in Department's 2537 of December 16, we agree that names of persons known to be still in Hungary need not be transmitted to Germany, but since it appears that most Jews on the lists with addresses in Hungary may have been deported to other German-occupied areas, their inclusion would be appreciated.

In reply to Hellstedt's inquiry, you may inform him that Swiss Government has also been asked to communicate lists in question to German authorities, and has suggested a concrete procedure for doing so, based on Swiss part in handling exchanges of civilians between United States and Germany. We are considering this suggestion and are hopeful of early agreement.

THIS IS WRB STOCKHOLM CABLE NO. 283.

2:15 p.m.
January 5, 1945

CABLE TO JOHNSON, STOCKHOLM, FROM WAR REFUGEE BOARD

Reference your No. 5167 of December 18, 1944.

Please advise Evensen and Tranmael that American Relief for Norway plans to make remittances of \$50,000 each on January 15 and March 1, 1945, for operations under license No. W-2152.

THIS IS WRB STOCKHOLM CABLE NO. 284.

10:45 a.m.
January 6, 1945

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

FH:hd 1/5/45

CABLE TO AMERICAN LEGATION, BERN, FOR MC CLELLAND, FROM WAR REFUGEE BOARD.

This refers to our No. 4403 of December 30 (WRB 341), transmitting message from American Christian Committee for Refugees for Adolf Freudenberg, Geneva. First sentence of quoted message should read:

QUOTE REMITTING \$10,000 FROM NON-CHURCH SOURCES DIRECTLY TO CIMADE PARIS OWING EXCHANGE REGULATIONS PREVENTING TRANSFER VIA SWITZERLAND UNQUOTE

THIS IS WRB BERN CABLE NO. 353.

10:30 a.m.
January 5, 1945

SECRET

COPY NO. 4

OPTEL No. 6

Information received up to 10 a.m., 5th January, 1945.

NAVAL

1. HOME WATERS. British Liberty Ship yesterday sank Midget U-boat by gun fire off Zeebrugge.

MEDITERRANEAN. Situation at Greek ports reported quieter though tense. A wireless station now established at Symi (Dodecanese).

3. ENEMY ATTACK ON SHIPPING. Two ships torpedoed yesterday in Canadian coastal convoy off Halifax.

MILITARY

4. WESTERN FRONT. Between Rhine and Bitch U.S. forces have withdrawn 10 miles into Maginot defences. German penetration south of Bitch is being attacked from both flanks. East of Saareguemines German salient has been slightly reduced. West of Bastogne slight gains have been made. At western end German salient British forces now fighting in Bure and Wavreille, while south of Marche advance of 3,000 yards has been made in touch with right flank of 1st U.S. Army. Attack by 1st U.S. Army has made only slight progress due appalling weather conditions. Strong resistance and counter attacks.

5. ITALY. Two small bridgeheads over Bonifica Canal south of Lake Comacchio secured by Canadians. Strong enemy counter attacks eastwards from Alfonsine were repulsed north of Highway 9. Good progress made by U.K. and Canadian troops in clearing enemy still east of River Senio.

6. GREECE. Day 3rd. Operations to clear northeast suburbs Athens continued successfully against most determined opposition so far encountered.

7. EASTERN FRONT. Russians report further progress Budapest and attacks by strong enemy forces beaten back northwest of city.

8. BURMA. Half Akyab Island now occupied without opposition and reports indicated complete enemy withdrawal from Island. East of Kaladan River considerable progress made against light opposition and leading troops now 10 miles north of Myohaung and 12 miles east of Apaukwa.

AIR

9. WESTERN FRONT. 4th. Bad weather prevented bombing operations. 571 fighters (3 missing) carried out offensive patrols northern and southern battle areas, effectively attacking railway targets and scoring 10,1,3 in combat. Home based fighters successfully attacked rocket sites in Holland.

Night 4th/5th. 430 escorted aircraft despatched: Royan (Bordeaux) Port area - 354; Berlin 66; Neuss Railway Centre 7; other missions 3.

10. MEDITERRANEAN. 3rd. Bad weather prevented operations by heavy bombers. 188 medium bombers effectively attacked railway communications in Italy. 932 fighters and fighter bombers (8 missing) attacked communications Po Valley and Brenner route.

HOME SECURITY

11. ROCKETS. Day 4th. 6 rockets reported. Night 4th/5th. 8 rockets reported.

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE January 6,
1944

TO: Secretary Morgenthau

FROM: Mr. R. W. Coyne

Your letter addressed to Ted on the Sixth War Loan Drive was swell. I have wired its context to the various State Chairmen, and I am providing them today a reproduction for use among the volunteers in the various States. I want to thank you on their behalf for your gracious statement.

RWB

320
Kane

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE JAN 8 1945

TO Secretary *Morgenthau*
FROM Mr. Haas *HA*
Subject Refunding Maturing Savings Bonds

The first United States savings bonds issued, Series A-1935, begin to mature on March 1, 1945. There has been considerable discussion of the problem of refunding these securities and of the possibility of offering a special security for the purpose. It is our recommendation that no special refunding offer be made; but that the Treasury take advantage of this opportunity, by meeting the first maturities of savings bonds with cash payments, to combat rumors that the Treasury will be unwilling or unable to repay savings bonds in cash and that some sort of conversion arrangement will be offered instead.

This recommendation is not to be taken as precluding sales promotion, independent of redemption, designed to induce the holders of maturing bonds to reinvest the proceeds in United States Government securities, nor is it to be taken as precluding the possibility of a special refunding arrangement for Series E bonds when they begin to come due six years hence. It is our opinion, however, as developed in this memorandum, that little is to be gained by a refunding arrangement for the earlier series of savings bonds; that the present is too early to plan for Series E bonds; and that it is possible that circumstances in 1951 will be such as to make inadvisable a special refunding arrangement at that time.

As you are aware, a considerable number of people doubt the ability or intention of the Treasury to redeem savings bonds as they mature or are presented for redemption in advance of maturity; and no inconsiderable number

Secretary Morgenthau - 2

have expressed these doubts publicly. Early in December, 1944, Mr. Roger Babson, in his syndicated column, expressed the opinion that the Treasury would have to devise some means of compromising or adjusting its indebtedness after the war. He said in part:

"My own present guess is that as the 'E', 'F', and 'G's' become due an entire new system of refunding will be instituted which will both save the government money and not necessarily hurt anyone. For instance, maturities up to a limited amount -- say \$5,000 -- will be paid in cash. Larger holders can be given the option: (1) of accepting 2-1/2 percent Registered Fifty Year Bonds . . . ; or (2) of accepting 1 percent Coupon Ten Year Bonds"

Mr. Babson's plan is not entirely clear; but it illustrates a trend of thought not unique in financial circles. The offer of a refunding deal for maturing Series A savings bonds next Spring could easily be twisted to give the appearance of confirming such predictions as Mr. Babson's -- and probably would be so twisted even by some well-meaning persons. This could have an adverse effect upon new sales of Series E bonds and might also result in an increased rate of savings bond redemptions. The maturity of Series A savings bonds beginning next March, therefore, offers an opportunity to demonstrate the Treasury's good faith and its intention to repay its savings bonds, and, by implication, its other securities, in accordance with the terms of their contracts, by paying them off in cash.

The amount involved in savings bond maturities of Series A-D, which extend beyond the probable duration of the war, is relatively small, as the table below indicates. Series A maturities in the calendar year 1945 are less than half of the total of savings bond redemptions in the month of November 1944. Not until 1950 will the amount of maturities exceed \$1 billion.

Secretary Morgenthau - 3

Series	Due	Outstanding September 30, 1944 (maturity values in millions of dollars)
A-1935	1945 (10 months)	188
B-1936	1946	349
C-1937	1947	461
C-1938	1948	567
D-1939	1949	953
D-1940	1950	1,205
D-1941	1951 (4 months)	550
Total		4,274

Note: Figures do not add to total due to rounding.

The principal argument for making a special refunding offer for maturing Series A-D bonds is that machinery for refunding Series E bonds would be in operation when those issues begin to come due; and that current purchasers of E bonds would receive assurance that they would receive special consideration when their bonds matured. As already indicated, however, this can work two ways. Many purchasers of E bonds are buying in anticipation of receiving cash at maturity or earlier, and, being inexperienced in the ways of the investment markets, are apt to misinterpret the prospect of a refunding. Furthermore, by making such an offer the Treasury would be implicitly committing itself to a course of action in 1951 which may not be good public policy at that time. An equally important objection to a refunding plan now is the fact that Series A-D bonds and Series E bonds present different refunding problems.

The typical purchasers of the earlier series of bonds and the typical purchasers of Series E bonds are not the same. Forty percent of the purchases of bonds of Series D (in 1939-41) were limit purchases (\$10,000, maturity value, in one year), and presumably the proportions of earlier series were comparable, indicating that the typical purchasers of savings bonds were not small savers, but persons of considerable wealth. The following table gives some indication of this:

Limit Purchases* of United States Savings
Bonds, Series D
1939-1941

Year	Limit purchases		Total purchases	Limit as percent of total purchases
	Number	Amount		
(Maturity values in millions of dollars)				
1939	48,988	490	1,149	43
1940	51,346	513	1,394	37
1941 (4 mos.)	26,817	268	611	44
Total	127,151	1,271	3,154	40

* \$10,000 limit. Until April 1, 1940, corporations and associations could purchase savings bonds. Thereafter the bonds could be purchased only by natural persons. About 10 percent of all limit purchases in 1939 and 1940 were by others than natural persons.

This deduction tends to be confirmed by the very large proportion of the sales of savings bonds, Series A-D, in the larger denominations. Seventy percent of the dollar volume of Series A to D sales consisted of the \$1,000 denomination, and nearly 85 percent consisted of the two top denominations (\$500 and \$1,000). A much better distribution of savings bonds from the point of view of encouraging small savings appears to have developed with the offering of Series E bonds, and the addition of the patriotic appeal to the investment appeal for the sale of these bonds. The table below shows the pertinent facts. It is true, of course, that some persons of considerable means may buy bonds of \$25 or \$50 denominations; but the marked difference between the A to D distribution and the E distribution would appear to indicate a real difference in the class of purchasers to which the bonds are going.

Secretary Morgenthau - 5

Percent Distribution by Denomination of
Dollar Volume of Savings Bond Sales -- Series A to D
Compared with Series E

Series	Denomination					All denominations
	\$25	\$50	\$100	\$500	\$1,000	
A-1935	2	3	13	24	58	100
B-1936	2	3	11	18	66	100
C-1937	2	3	12	17	66	100
C-1938	2	4	11	15	68	100
D-1939	2	3	10	12	73	100
D-1940	2	3	10	12	73	100
D-1941	2	3	9	14	72	100
Series A to D	2	3	10	15	70	100
E-1941	10	8	23	20	39	100
E-1942	32	12	22	13	21	100
E-1943	36	14	21	12	17	100
Series E	33	13	21	13	20	100

It is, of course, probable that a portion of the disparity in the character of the holdings of Series A to D bonds, on the one hand, and Series E bonds, on the other, will be wiped out by the greater proportion of redemptions among small holders of E bonds. To some extent, this has already occurred. It is certain, however, that a substantial difference between the character of Series A to D bondholders and Series E bondholders will remain after the redemptions have run their course.

It is clear, therefore, that the refunding of the Series A to D bonds and that of the Series E bonds present entirely different problems. Series A to D bonds are outstanding in small amounts and are held for the most part by fairly well-to-do persons or institutions, neither of which

Secretary Morgenthau - 6

seems entitled to preferential treatment^{1/} and each of which probably will reinvest most of the proceeds upon maturity in other Government securities without any special exchange offer. (Persons holding the bonds for their tax-exemption privilege may constitute a partial exception to this rule, but no exchange offer would be likely to appeal to these holders in any event.)

The problems presented by Series E bonds, when they commence to mature in 1951, will be entirely different and may or may not call for a special refunding offer. There seems little occasion, consequently, for a refunding plan for Series A to D bonds, and any plan adopted for this purpose might have to be substantially changed to meet the requirements of the E bonds when they come due. In the meantime, the adoption of any plan for the A to D bonds might impair the flexibility of public debt policy in the next few years, and prejudice the consideration during this period of otherwise desirable plans for the economical management of the debt -- such as an increase in the issue price of E-type bonds, for example.

^{1/} It has been urged that because savings bondholders have held their securities for ten years, they are entitled to an "eleventh year rate" rather than a "first year rate" for an additional year's investment. The opposite principle is applied to negotiable bonds, however. A person who bought the 4 percent bonds of 1944-54 on December 15, 1924, and who now desires to keep his funds invested for another year, is entitled only to the "first year rate", not to the "twenty-first year rate". If this principle should be upset generally, it would greatly increase the cost of money to the Government.



TREASURY DEPARTMENT

WASHINGTON 25



January 6, 1945

To: Secretary Morgenthau

From: J. W. Pehle

The following is a summary of significant developments in the Surplus Property and Procurement offices for the week ending December 30, 1944:

Surplus Property:

Following the change in the military situation in Europe, the Army made heavy withdrawals of materials previously declared to us as surplus. The Army has thus withdrawn several million dollars worth of bolts of all descriptions, as well as quantities of miscellaneous materials such as ammunition boxes, flashlight batteries, gasoline cans, etc. In figures, the Army report for November shows declarations of \$34,909,000 and withdrawals of \$10,936,000.

We have received declarations of 101 sets of fracture reduction apparatus, having an acquisition cost of \$125,745. The manufacturer has offered about \$25,025 for the lot, delivered to St. Louis. This offer has been tabled until we can ascertain whether other outlets are available. The manufacturer was encouraged to reconsider and submit a new offer.

- 2 -

Our Cincinnati office has had approximately 1500 armored scout cars for disposal, which have been given wide publicity through circular letters. Little interest has been shown and an experiment is under way to remove the armor plating to make the cars more desirable for civilian use. This points out the necessity for converting some of the surpluses declared to us before sale, or of advising prospective purchasers of possible methods of converting war material to civilian uses. In this connection, consideration is being given to the employment of industrial engineers to determine what civilian use can be made of certain types of surplus property, and what remodeling can be done to other types to make them more readily salable.

The New York office has had for disposition a quantity of electric training machine guns which fire buck shot. The first offer received was \$35 each, but after giving these articles more publicity and listing them in the Surplus Reporter, an offer of \$150 was received.

We have initiated conversations with the Ansco Division of General Aniline and Film Corporation, looking forward to employing them on a fee basis to test surplus outdated photographic film for civilian usability. This firm is controlled by the Alien Property Custodian, and our conversations were preceded by a discussion with a representative of his office.

In pursuing our inspection program, we are encountering considerable difficulty in several regions due to the fact that much material declared to us is stored out of doors in water-tight containers. We are undertaking to arrange for the removal of such material into inside storage in order that a thorough examination to ascertain its condition can be made.

- 3 -

Certain branches of the Army have indicated interest in the Surplus Reporter, and have requested that they be advised the sources of certain property. These requests indicate that the Army is depending on Treasury information to match surpluses against current needs.

Discussions were held with representatives of the Surplus War Property Administration and the War Department, with respect to the disposal of surpluses in the Canal Zone and Hawaiian Islands. In view of the military character of the Canal Zone and since the disposal program there must be essentially non-domestic, it is expected that the War Department will assume responsibility for surplus disposal there. A formal request is being placed with the War Department to handle surplus disposals in Hawaii until the matter can be more completely reviewed with the Surplus Property Board, and an organization developed.

We are initiating a program for employing and schooling inspectors of automotive parts so that the parts disposal program can be speeded up. The Ordnance Department and automotive parts manufacturers will assist in this program.

Several of the Regional Offices have developed a practice of documenting the disposal of property at auction by means of a blanket contract with the auctioneer. At the recent hearings before the Murray Committee, this practice seemed to have led Senator Taft to think that the property had been sold to the auctioneer. To avoid further confusion, we have instructed our field offices that hereafter all property disposed of by auction is to be documented in the same manner as property disposed of by other types of sale.

- 4 -

A meeting was held between representatives of the Treasury and the Bureau of the Budget to discuss a proposal that surplus property be made available to Federal agencies at prices lower than those quoted to other buyers. It was agreed that the proposal was an excellent one and would result in a considerable increase in purchases by Federal agencies. The Treasury will prepare a recommendation to the Surplus Property Board along these lines.

In anticipation of a request from the Surplus Property Board, we are in course of preparing material for the Board's first quarterly report to Congress, which will be due this month in accordance with Section 24 of the Surplus Property Act of 1944.

Procurement:

Our purchases for the week amounted to \$15,577,530.94. Included in this figure were Lend Lease purchases valued at \$15,300,000 (schedule attached) and regular purchases in the amount of \$277,530.94.

Our unusual purchases for the week included 87 items of supplies to be used in newsprint shops in combat areas. Specifications called for these items to be packed in 50 separate units or kits and the packing, assembling, storage and issuance of these items required careful handling. The Army will make distribution to the newsprint shops in the specified areas.

We purchased 9,490 tons of newsprint rolls, 3,650 tons of which will be shipped to French North Africa and France, and the remaining 5,840 tons will be used by the Office of War Information in the Mediterranean area for psychological warfare purposes.

- 5 -

Lend Lease carloadings for the week totalled 1,927 cars.

We are advised that England has returned 35,748 bobbins for further nylon yarn shipments, resulting in a saving of \$14,437.19. The total amount saved to date by returning the bobbins for new shipments is \$585,437.19. The company which is filling these nylon orders has forwarded us a check for \$1,148.50 covering the sale of waste yarn returned from England, presumably on the bobbins. Total returns to date on waste yarn amount to \$13,583.86.

As a result of provisions in renegotiation agreements to study costs and make refunds on current contracts if found appropriate, two firms refunded \$84,337.92 representing excessive proceeds derived during 1944 on Procurement Division contracts.

The Price Adjustment Board approved the disposal of inventories on three contracts.

Administration:

We have completed a review of the organization and administrative operations of our New York Regional Offices and find that the principal problem in that area is the securing of a competent Regional Director. We interviewed the Director, Civil Service Commission in New York, and the Commissioner of Purchases of New York City, in reference to recommending persons for consideration as Regional Director in our New York Office.

We conferred locally with the Civil Service Commission, with a view toward having the necessary new positions allocated in the Office of Surplus Property in Washington.

- 6 -

A proposal was submitted to the Foreign Economic Administration, outlining in detail our suggestions regarding instructions for the preparation of financial reports by the Procurement Division with respect to accounting and reporting for UNRRA purchases.

The securing of adequate personnel for key positions and for lower grade positions continues to be a major problem.

A handwritten signature in black ink, appearing to read "J. Paul", is located on the right side of the page. The signature is stylized and somewhat cursive.

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

	<u>Total</u>	<u>U. K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Miscellaneous & Undistributed</u>
Allocations	\$5876.4 (5851.4)	\$2628.0 (2628.0)	\$2457.3 (2457.3)	\$133.9 (133.9)	\$17.2 (17.2)	\$640.0 (615.0)
Requisitions in Purchase	\$ 161.1 (170.1)	\$ 28.5 (28.5)	\$ 33.8 (39.0)	\$ 1.1 (2.2)	- -	\$ 97.7 (100.4)
Requisitions not Cleared by W.P.B.	\$ 94.7 (127.5)	\$ 18.4 (21.6)	\$ 51.3 (56.3)	\$.5 (32.5)	- -	\$ 24.5 (17.1)
Obligations (Purchases)	\$4450.8 (4435.5)	\$2057.5 (2055.0)	\$1931.8 (1921.1)	\$ 68.4 (68.4)	\$15.6 (15.6)	\$377.5 (375.4)
Deliveries to Foreign Governments at U. S. Ports*	\$2757.1 (2742.1)	\$1562.8 (1558.4)	\$1113.1 (1102.8)	\$ 25.7 (25.7)	- -	\$ 55.5 (55.2)

*Deliveries to foreign governments at U. S. Ports do not include the tonnage that is either in storage, "in-transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.

Note: Figures in parentheses are those shown on report of December 23, 1944.



TREASURY DEPARTMENT

WASHINGTON 25



January 6, 1945

To: Secretary Morgenthau

From: J. W. Pehle

This is in response to your inquiry with regard to the methods being followed by the Procurement Division in distributing purchase orders to small business.

There is transmitted herewith a memorandum on this subject addressed to me by Mr. Mack, which shows that the Procurement Division has a good record in this respect. I have also checked independently, and all indications are that the Procurement Division's record for distributing contracts to small business is a good one, particularly compared to that of the Army and Navy.

Nevertheless, I will continue to watch this matter and see what further can be done in this direction.

Attachment.



OFFICE OF THE DIRECTOR

TREASURY DEPARTMENT
PROCUREMENT DIVISION
WASHINGTON 25



January 6, 1945

MEMORANDUM TO MR. J. W. PEHLE

Since the enactment of Public Law No. 603, 77th Congress, approved June 11, 1942, this office has maintained the closest liaison with the Smaller War Plants Corporation in the distribution of business for the successful prosecution of the war effort.

Previous to the enactment of the foregoing legislation this office maintained close liaison with the Contract Distribution Section of the War Production Board. With the institution of the Smaller War Plants Corporation the office of Contract Distribution of the War Production Board was eliminated.

Mr. Thomas C. Stephens, now Regional Director at Kansas City, Missouri, was on my immediate staff here in Washington at the time of enactment of the Smaller War Plants Corporation legislation and assisted me in establishing the present procedures. These duties are now being carried on by Mr. Lewis A. Jones.

The Smaller War Plants Corporation maintains a liaison office in this building consisting of two representatives who work directly with Mr. Jones and the Commodity Group Chiefs in seeing that each Lend-Lease requisition selected for distribution to smaller business concerns receives proper consideration.

MEMORANDUM TO MR. PEHLE

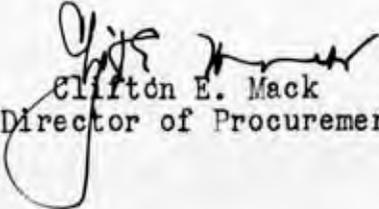
- 2 -

Very briefly the procedure consists of a 48 hour review by Smaller War Plants Corporation with notification to Procurement Division of the small business concerns which should be solicited in advertising for requirements; complete access to all bid tabulations by the Smaller War Plants Corporation representatives; and a provision in each contract placed by Procurement with a small business concern designated or approved by Smaller War Plants Corporation substantially as follows:

"This contract was awarded by the Procurement Division of the U. S. Treasury Department upon the recommendation of the Smaller War Plants Corporation."

As a matter of general information, during the year 1944, out of 754 requisitions designated by Smaller War Plants Corporation as being of interest to them, we were able to place contracts on 486 of these requisitions amounting to approximately 64% of their requests.

On all such SWPC requests we determine whether the suppliers recommended are in a position to meet the required specifications, essential delivery dates and have the necessary plant facilities prior to placement of orders. It has been repeatedly indicated to us by representatives of SWPC that our cooperation with them and results in the distribution to small business concerns is very satisfactory.


Clifton E. Mack
Director of Procurement

RUSSIA'S POSTWAR PLAN for GERMANY

BY MAURICE HINDUS

Liberty 6 Jan 1945

Ch. Bernstein 20 2045
EB948 20447
7

Moscow, by wireless.
PREMIER JOSEPH STALIN'S pronouncement of November 6 on post-war plans for Germany was as simple as it was all of meaning. "After her defeat," he said, in his November Revolution speech before an overflow audience at the Moscow Opera House, "Germany will, of course, be disarmed both in the economic and the military and political sense."

The phrase "of course" implies irrevocable determination—no may say, absolute certainty. In this writer's judgment it would not have been said if there had not been an understanding on the subject, at least in principle, among Russia, England, and America.

Precisely two years earlier, in the same Moscow Opera House and while he was speaking on the same subject, Stalin said: "Our first task is to destroy the Hitler state and its inspirers. Our second

JANUARY 4, 1945

RUSSIA'S POSTWAR PLAN FOR GERMANY

Continued from Page 19

Russia produced more than twice as much pig iron as England, and almost twice as much steel. "It might seem," he added, "that we are better off than England." But he went on to say that the per capita production of pig iron in England in 1938 was 145 kilograms, and of steel, 226 kilograms, whereas in Russia it was 87 kilograms of pig iron and only 107 kilograms of steel. Such close and detailed reasoning on the subject of production is characteristic of Stalin whenever he discusses national strength and national welfare.

Therefore, when Stalin speaks of economic disarmament of Germany he can only mean that Germany is not to be allowed a heavy industry—that is, the manufacture of pig iron, steel, machine tools—which in some disguise or other, under any pretext or another, may be secretly used for rearmament. The output of these goods, as well as of chemicals, which also are basic to the manufacture of armaments and munitions, must be pared down to precisely those needs which the peace treaty may prescribe for Germany—and those absolutely nothing more.

This definition of the phrase "economic disarmament" derives further cogency from something else that Stalin said in his speech last November. "It is common knowledge," he declared, "that the German chieftains are already now preparing for a new war." Stalin doesn't underestimate German capacity to devise if she were allowed freedom in the realm of production. "History," he says, "reveals that a short period of time, from twenty to thirty years, is enough for Germany to recover from defeat and re-establish her might." Having suffered enormous casualties and appalling devastation in the reign of terror which Germany imposed on occupied Russian lands, Stalin has resolved that under no circumstances shall Germany be allowed any loophole which she might exploit for the purpose of rehabilitating her economic strength to wage another war.

To the argument that if German heavy industry is not permitted to function more or less normally, we can expect neither a stabilized Germany nor a stabilized



Maurice Hindus is a young man of twenty years old, born twenty years ago in New York. He is a student at the night school. Next he went to Colgate University, where he was graduated with honors. After a year at Harvard, Hindus became a freelance writer. Since then he has made several trips to Russia and written eight books about that country. His most recent being "Northwest Russia: Germany, the Soviet Union, and the war for the New York Herald Tribune and Liberty."

Russia's plans for a defeated Germany are clear. Now a skilled observer tells us what they are and what they mean

task is . . . to destroy Hitler's army and its leaders." These words speak for themselves. Not only must the present German government go, but also the present German Army and its leaders, including the German General Staff, age-old breeders of military conspiracy and intrigue. Germany, says Stalin, in fact, is to be stripped of all political and military means of resurrect-

Europe, the Russian answer, repeated over and over in the press and in speeches, is clear. The Russians say, first, that this need, he said, and, second, that no line of action can be more stabilizing, more destructive of good will and peace, or more fraught with evil, particularly the message of war, than to leave Germany in possession of the economic or productive instruments, especially in heavy industry, which she can convert into military weapons.

Stalin and all Russians are no less determined on the ruthless punishment of all German war criminals. Last October, Kuznetsov, president of the Russian trade-unions, speaking to its leaders, including the German General Staff, age-old breeders of military conspiracy and intrigue. Germany, says Stalin, in fact, is to be stripped of all political and military means of resurrect-

ing her military might. She also is to be stripped of any and all economic means of rebuilding her fighting military machine. Let's not misunderstand the word "economic" as Stalin and the Russians use it. To them, the word is inextricably linked with the word production. The most eminent American industrial scientists are in their production-minded than Stalin. There has been hardly a speech he has delivered, either before or since, that has not contained passages fairly beating with emphasis on production in all its phases, but particularly in heavy industry.

Let me illustrate what I mean by referring to an important item in his speech of March 19, 1939—one of the most important he has ever delivered. In that speech Stalin made criticism of the manufacture of pig iron and steel in England and in Russia. He said that in 1938

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the aim of destroying Germany," he said on November 6, 1942. "Hitlers cause and so, but the German people and the German state remain," he declared on February 23, 1942.

He was even more explicit in his speech of last November 6. The Russians hate "the German invaders" not because they are Germans, he said, but because they have brought "unfathomable calamities and suffering" on the Russian people. "It's an old saying of our people," he emphasized, "that the wolf is lazier and for being gray but for devouring sheep."

In Kiev alone the Germans executed nearly 200,000 civilians and war prisoners. In Minsk the number of such victims rose to 300,000. At the time Professor Trainin wrote his book, at least six months ago, two million Russians had been wantonly put to death by Germans in occupied territories. This doesn't include the Russians killed in the murder factory at Maidanek, outside the Polish city of Lublin, one in either murder and concentration camps in Poland and Germany itself. The Russians officially went on record as determined to avenge these murders by the law of the Supreme Soviet on April 27, 1943.

The punishment of war criminals and the political, economic, and military disarmament of Germany don't exhaust the demands of Stalin and the Russians on Germany. They are determined to collect full reparation for all damage the Germans have inflicted on the Russian population and to retrieve all stolen property or its equivalent, whether art treasures, industrial machinery, household articles, books, clothes, or anything the Germans have shipped to their homeland.

Let the reader also ponder the meaning of the following words spoken in Blackpool, England, by Kuznetsov. "The German invaders must be obliged to restore what they have destroyed."

Recently I visited the Cosack village of Slobyanovka in the Kuban Cosack territory. "Not a cock crowed in our village," said a Cosack woman, "when the Red Army came by here. During the eight months the Germans held the outposts village, they shot and hanged more than 1,000 civilians, nearly all Cosacks. They were scarcely any Jews in the village. Of the 9,000 head of cattle which Slobyanovka possessed in previous days only 342 heads remained. All the others were slaughtered. So were 7,000 sheep, 18,000 pigs, and 27,000 chickens. Three thousand horses were either driven away or killed a few days before the Germans left."

When they were gone there was no grain for either bread or feed. Cosack women, walked forty kilometers to bring 375 tons of grain for seed in sacks on their backs.

I HAD been in this village in previous days. As I drove around it now, I hardly recognized it. The scores of one-story buildings that had been put up during three five-year plans were stacks of rubble. Not one escaped complete or partial demolition. No girls anywhere in Russia were as well dressed as those in this famous and prosperous Cosack village. But the Germans stole most of these clothes and shipped them to Germany. Most of the best furniture was also shipped to Germany. The Cosacks are a cheerful people. They don't wear like ordinary peasants, no matter how great the misfortune visited upon them. But as I spoke to them, it was clear that they expected the Germans to pay in reparations for everything they had destroyed and stolen. The Cosacks have already drawn up a bill of their damage. The sum is 2,042,000,000 rubles, or roughly, \$468,000,000.

Nowhere else are the Germans more hated than in the Cosack country, yet, though the Cosacks hate the Germans, they expect them to help rebuild what it had taken three feverish five-year plans to construct.

These Cosacks are not impressed by the argument one often hears in England and America, that the Germans are rebuilding what they have wantonly destroyed is like introducing slave labor into Russia. They cannot get away from the heaps of shattered cement and brick they face every day of their lives. They see no reason why they should slave to put up what, especially in the last few days he they stay in Slobyanovka, the Germans deliberately blew up with dynamite or set afire by torch and barrels of gasoline.

I don't know any Russians anywhere in the villages or cities which the Germans held who don't heartily concur in the demands of the Cosacks of Slobyanovka.

STALIN has repeatedly declared that Russia does not seek to achieve the destruction of Germany or the extermination of the German people. "We do not pursue

THE END

LIBERTY

JAN 6 1945

To: Mr. Callado

URGENT

From: Mr. White

Will you please send the following cable to the American Embassy, Chungking, China:

FOR ADLER FROM THE SECRETARY OF THE TREASURY:

1. The Chinese Government is strongly urging me to give permission to export on commercial vessels large quantities of gold to China to the extent of \$60 million worth of gold bars and \$100 million of gold tokens. With the arrangements which they are prepared to make with the shipping companies it would be comparatively simple for the Chinese to export another \$100 million or more of gold in the very near future.
2. In view of the current situation in China and of the need of the Chinese for conserving their foreign exchange resources for particular needs, I have thus far not given my permission to the above requests.
3. I want you to discuss this matter thoroughly with General Hurley and inform me as quickly as possible of his views.

Treasury Department
Division of Monetary Research

328

Date..... January 619 45

To: Memo for the Files:

The Secretary read the attached and decided not to send, but to send a cable instead. (Copy of cable appended.)

H.D.W.

MR. WHITE
Branch 2058 - Room 214-1/2



THE SECRETARY OF THE TREASURY
WASHINGTON

MEMORANDUM FOR THE PRESIDENT

Subject: China

You will recall that in June, 1943, Madame Chiang Kai-shek requested your permission to purchase \$200 million of gold out of the \$500 million financial aid as a means of helping to check inflation in China and that you asked me to take care of this matter for you. As I reported to you in letter dated July 15, 1943, we sent a message to Dr. H. H. Kung, at that time Minister of Finance, informing him that the Treasury was prepared in principle to agree to the Chinese request, making it clear, however, that the gold was to be sent to China for sale to the public as a means of helping to check inflation.

The Treasury has repeatedly made it clear to Chinese officials in Chungking, as well as Chinese representatives here, that the sale of gold is only justifiable if it is done in such a way as to aid in the war effort by helping to fight inflation and hoarding. We have stressed this because the sale of gold means the dissipation of foreign exchange resources resulting from our financial aid which undoubtedly could be used to great advantage by China in the post-war period.

Information from China indicates that this gold has been sold in such a way as to be of benefit principally to hoarders and speculators and that much of the gold is finding its way into Japanese-occupied areas. Moreover, these sales have had practically no helpful effects on the inflationary situation, although they have, of course, provided the Chungking Government with an additional source of revenue by the sacrifice of valuable national assets at inexcusably low prices.

Although the gold sales have not been handled in such a way as to help appreciably in the fight against inflation, I did not raise this question with you before because I felt that the Chinese should be given ample opportunity to work out a program of using the gold for useful purposes. Therefore, with the cooperation of the Army and Navy, it was made possible for the Chinese to export gold whenever facilities were available,



- 2 -

despite the fact that it used up valuable air cargo space. The result was that about \$26 million of gold has been exported to China and the Chinese were able to adopt and are still pursuing a policy of selling this gold on the open market. The State and War Departments have, of course, been kept currently informed of our gold export policy to China.

The Chinese are now eager to export very much larger quantities of gold to China and can do so by the use of commercial vessels. Hitherto, they have used only U. S. Army and Navy vessels. I am reluctant to permit such large shipments at this time without first bringing the matter to your attention

- (a) because it will mean dissipation of these gold resources with very little benefit to the Chinese economy, while the present unsettled military situation in Free China accentuates the likelihood of increased inflow of gold into Japanese-occupied areas, and
- (b) because the Generalissimo and other members of the Chungking Government regard the receipt of this gold as important for maintaining their political position and, therefore, any decision on this matter will be interpreted as an important indication of the attitude of the United States Government towards the Chungking Government during this period of crisis.

The Chinese Government has already drawn on the Treasury to the extent of \$260 million out of the \$500 million financial aid:- \$200 million has been set aside as backing for Chinese Government savings certificates and bond issues; \$40 million has been used to purchase gold of which \$25.8 million has been shipped to China, and \$20 million is being used for the printing of banknotes and the purchase of relative materials.

I would appreciate if you would indicate whether or not you would like to have me agree to the Chinese request to export large quantities of gold to China at this time.

Yes _____ . No _____

Dated _____

Treasury Department
Division of Monetary Research

331 ✓

Date Jan. 6 1945

To: Memo for the Files:

I spoke to the Secretary orally
about this mine and he said all right
to drop it.

H.D.W.

MR. WHITE
Branch 2058 - Room 214-1/2

SECRET

332
Farm

WAR DEPARTMENT
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D. C.

21 December 1944

The Honorable,

The Secretary of the Treasury.

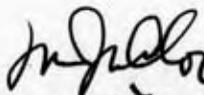
Dear Mr. Secretary:

I am sending you herewith copies of our latest reports from Supreme Headquarters, Allied Expeditionary Forces on military government operations in Germany.

I have issued instructions that all such reports should be sent to you regularly hereafter. The reports do not concern Germany alone, but deal with all of our European civil affairs operations.

Sections of the reports dealing with financial matters have been abstracted regularly in the past and were sent to Mr. William H. Taylor or Mr. Harold Glasser.

Sincerely yours,



JOHN J. McCLOY,
Assistant Secretary of War.

SECRET

Regraded Unclassified

SECRET

REPORT ON GERMANY

For Week Ending October 14, 1944

CIVIL ADMINISTRATION

The first trial of civilians by a military government court took place recently at KORNELIMUNSTER. Four women were found guilty of entering a house in a prohibited area and were fined 2,000 to 3,000 Reichsmarks each. German counsel and a German interpreter appeared for the defendants and the procedure followed in the trial is said to have created a good impression locally. The sentence originally imposed by the court was reduced by the reviewing authorities.

On 3 October two more Germans were tried at KORNELIMUNSTER before an intermediate military court on a charge of theft of Allied property - coal captured from the German army - in violation of Military Government Ordinance Number One. Both the accused were found guilty, one being fined 400 marks and the other being sentenced to four months imprisonment.

Recent reports confirm previous information that at least 50% of the population of villages and all or nearly all of the officials have been evacuated by the German army. Records have generally been removed from occupied townships but in some instances rationing records have been left behind.

In Central Group of Armies area there are at present 55 Military Government detachments held in readiness for deployment in Germany.

PUBLIC RELATIONS

Reports continue to stress the fact that civilians are at first extremely apprehensive but later gain confidence and tend to be friendly and cooperative. No instances are reported of Military Government officers experiencing difficulty through general disobedience once their desires have been made clear.

PUBLIC SAFETY

Two factors have been described as essentials for the maintenance of security in Germany - sufficient personnel to enforce the regulations promulgated by Military Government officers and the registration of all civilians of 12 years of age and over.

Little sabotage has been attempted to date and only one instance is reported of occupying troops being fired on. This was at the instigation of German soldiers who as reported last week are being left behind to cause what disturbance they can.

According to reports from prisoners AACHEN is likely to present a serious public safety problem owing to the number of people left behind and the food shortage - a situation deliberately engineered by the enemy.

In STOLBERG twenty auxiliary police are functioning under the burgemeister's instructions - they are armed with "night sticks" only. No military are policing the town and due to the lack of experienced police some trouble was experienced at the Municipal Soup Kitchen in the early days of occupation.

A decision to evacuate all civilians in the combat areas to districts in rear of divisional command posts will presently affect some 16,000 persons. The probable effects of this movement are being carefully studied.

FINANCE

No financial activities as such are being carried out. Banks were found closed and are remaining so for the present. Allied military marks are being accepted by the local population.

SECRET

Regraded Unclassified

PUBLIC HEALTH

No outstanding difficulties have been reported. At MONSCHAU the one doctor remaining is acting as public health officer and is at present faced with no acute problems. At STOLBERG hospital and medical care is being provided for the residents and captured enemy medical supplies are being made available. One case of diphtheria and four cases of scarlet fever are reported from a rural district outside the town, otherwise no communicable disease problems have been encountered.

REFUGEES

Several hundred persons are reported to be living in caves at STOLBERG where conditions are as healthy and sanitary as is possible under the circumstances. Otherwise, apart from the movement out of combat zones referred to in paragraph 3 there is no serious refugee problem.

SECRET

REPORT ON GERMANY

For Week Ending October 31, 1944

CIVIL ADMINISTRATION

No new problems are reported. At STOLBERG the Burgemeister, who appointed the Chief of Police to office, recently attempted to place an observer in the Police Department. To this the Police Chief objected on the grounds that he was responsible for running the police force himself. He was upheld by the local Military Government detachment and peace again reigns.

PUBLIC RELATIONS

It is reported that the majority of people who remained behind at STOLBERG did so in the belief that they would fare better under American than under Nazi rule. This belief is not confined to the citizens of this town alone - it has been reported from practically every occupied locality. People are showing more effort to appear friendly and cooperative as their acquaintance with Allied occupation increases, and it has been stated that whilst they do not expect friendliness in return, they do expect lawful treatment.

PUBLIC SAFETY

As previously reported, the German army evacuated the entire police force of STOLBERG - 38 police officers, 40 volunteers, mostly business men, were recruited by the Military Government detachment. A former member of the regular police returned to the town and under the supervision of the Public Safety officer of the detachment, is running a daily course of instruction and training for the volunteers. No arms are carried by these men and they are identified by locally produced armbands.

The firemen in the STOLBERG area remained at their posts and an adequate supply of equipment is available. Civil Defence organizations are operating satisfactorily.

LEGAL

With reference to the trial of civilians at KORNELIMUNSTER reported last week, later information is that four women were found guilty of entering a house in a prohibited area. Three of them were fined 2000 marks and the fourth, who was also guilty of not being in possession of an identification card, was fined 3000 marks. On review the sentences were reduced to fines of 200 and 500 marks respectively.

FINANCE

Nothing to report.

SUPPLY

Due to difficulties of transport, shortage of agricultural labour and the cutting off of foreign sources, it is reported that in Germany proper the bread ration has been reduced by about 9% to 318 grams (approximately 11½ ounces) daily per normal consumer.

INDUSTRY

Some of the captured coal mines in the AACHEN area are stated to be badly damaged by demolitions.

LABOUR

In a recent speech Dr. LEY charged labour camp leaders to take the best possible care of foreign workers. There seems to be a certain amount of alarm

SECRET

Regraded Unclassified

SECRET

LABOUR (Cont'd)

amongst the Nazis with regard to these forced labourers. They do not, apparently, know what secret organizations may exist among the workers and the major fear seems to be not so much that Allied appeals will result in specific acts of violence or sabotage as that the workers will be weaned from their present attitude of passive obedience and prepared psychologically for mass action when circumstances permit.

PUBLIC HEALTH

Public health in the AACHEN area is reported to be generally satisfactory. Otherwise no new reports received.

REFUGEES

Nothing to report.

APPENDUM

A late report from the AACHEN area gives the following details.

1. Estimated population of AACHEN 15 October may be as high as 12,000.
2. Approximately one thousand head of cattle within a few kilometres of AACHEN.
3. Orchards and gardens contain an abundance of fruit and vegetables.
4. An inspection of dwellings in SUBJ disclosed well stocked cellars of canned fruits and vegetables.
5. A military government detachment has been despatched to the area with instructions to maintain production in 100 square miles of coal fields North and North East of AACHEN
6. Civilians are experiencing some difficulty in obtaining cash owing to the fact that the banks, including savings banks, are closed and cash holdings of some of the civilian population have been spent.

SECRET

REPORT ON GERMANY

For Week Ending October 28, 1944

Reports from Germany during the past week have been very scant, no information being available as to Administration, Public Safety or Legal activities, or Public Health.

FINANCE

Allied Military marks have been accepted by the population and in some instances preference over RMs has been shown for these notes. Financial administration in the areas at present occupied has been made extremely complex through the disappearance of officials, removal of records, withdrawal of cash and general business stagnation.

UTILITIES

An inspection was made on 18 October of the power plant at the Carolus Magnus coal mine at PALENBERG. The plant was damaged by shell fire and since damage is spotty, it is believed that, by cannibalization and improvising, one turbine of 4000 kva capacity can operate in about 14 working days from now. The principal damage is to turbine controls, piping and to the substation.

REFUGEES.

Burgermeisters of all occupied towns are being made to administer the disposition and preparation of minimum food allotments directed by Military Government officers.

REPORT ON BERLIN

For Week Ending November 4, 1944

CIVIL ADMINISTRATION

The efficiency of newly appointed officials is reported to be improving. At BERLIN the responsibility for ensuring obedience to Military Government orders is now in the hands of a priest. At SAARBRÜCKEN a temporary burgemeister, an assistant burgemeister and a new chief of police have been appointed.

About four months ago the office of the Landrat for AACHEN Landkreis was transferred to AACHEN but when this town was occupied it was discovered that nearly all the Landrat's office staff had disappeared. So far possible candidates remain in the town but no attempt has yet been made to appoint any more officials.

At present the office of the Landrat of Landkreis AACHEN is functioning with a skeleton staff - one of the chief officials together with some clerks and a few employees remaining in AACHEN. Since the Landkreis government can, under present circumstances, only function locally, this staff is considered to be adequate. Walter SCHMIDT, the acting Landrat, was for many years a member of the REICHSRAT - an advisory body appointed by the Landrat and used for consultative purposes - and is also acting burgemeister.

Organization of municipal government in the city of AACHEN is difficult, again owing to the shortage of personnel.

From AACHEN it is reported that the burgemeister continues to cooperate with Military Government officials; he obviously understands that as a municipal official, 1944 government and that he is directly responsible to Military Government officials. The burgemeister of AACHEN (SCHMIDT) is acting as a member of the Reichsrat in AACHEN in accordance with the Reichsrat Act. He recently was elected and elected by voters - SCHMIDT - is temporarily exercising the duties.

A report from the district in the AACHEN area indicates that the German intend to evacuate the city completely, in which case only 10% of the population will remain. On this basis it is indicated that the ordinary functions of local government may be carried out by an essential staff of 10-20 officials and 20-30 employees.

POLITICAL

Sentiment in AACHEN regarding Military Government appears to be satisfactory. Control of the population was considerably facilitated by the fact that shortly after the arrival of Allied troops the German radio set a series of national sales standards.

NAZI party records and the private papers of the former burgemeister of AACHEN have been secured and the records, with the exception of financial records confiscated by the former burgemeister are in the hands of the present burgemeister (SCHMIDT). In this town the population in general appears to be cooperative and stable.

Generally speaking, there have been no cases of public denunciation of NAZI party members but in a few cases information has been unobtrusively offered.

PUBLIC SAFETY

The selection of suitable police at AACHEN is proceeding in spite of a decline in morale due to the fact that three members were recently killed by enemy shell fire. Civilian police have also been authorized for AACHEN (6)

COMMUNICATIONS

The greater part of the radio equipment facilities are reported to be very badly damaged and the small amount of rolling stock left in the yards also suffered severely.

The post office in the center of the city was completely destroyed. The mail which have been received and are now stored in a large building on the north is being repaired.

EDUCATION

All the teachers from a school are reported to have left. The one for treating German forces - one of the schools, both in good condition, has been used by the Allies General.

UNIVERSITY AND ARCHIVES

The University of Munich has suffered not slight damage. The old building has suffered heavy but repairable damage. The library is still standing but has sustained extensive damage to the labels and the books. A preliminary survey indicated that the two series of churches, art collections and archives have been evacuated - but no indication of date of being reported in the vicinity of the city.

The city archives, Munich, are being stored in a new, a most excellent building of approximately 100 packages of records - a total of nearly 100,000 documents. Certain packages had previously been opened and inspection of the material revealed that they contained legal and administrative records, correspondence, documents of other nature, largely of the 19th and 20th centuries and also some material of the earliest date now known - 143, 15th century. The records were in good condition - were mostly from 1800 - all the records were in a vault in Munich.

EVACUEES

German civilians who, on the night 11/22 October, were behind the Allied lines, have reported that the German army is continuing its policy of evacuating the population en masse. They further stated that in the vicinity of Munich, great stocks were being burned in the fields - possibly as a punishment for those civilians who did not obey orders to evacuate to the East.

SECRET

341

REPORT ON GERMANY

For Week Ending November 11, 1944

CIVIL ADMINISTRATION

Difficulties are being encountered in finding Municipal officers in AACHEN. Qualified individuals declined to serve because of fear or reprisals upon relatives in Germany.

Registration of the population in ROTGEN indicated that Nazi evacuation orders had been widely disregarded. About two-thirds of the population had remained. In KORNELIMUNSTER, 800 out of 1800 stayed behind. Most explained that they could not bear to leave their homes, and some added that they had been encouraged to remain by German soldiers who said Allied troops would not harm them.

The office of the Burgermeister of BRAND, in the Regierungsbezirke of AACHEN, has resumed functioning. The new Burgermeister, Herr Hanbucken, is conducting civil administration in the county with the assistance of 34 civil servants. Except for financial records which were removed by the former Nazi Burgermeister, all public records are in the custody of the newly appointed German officials. On 30 October 1944, Franz Oppenhoff was installed as temporary Burgermeister of the Stadtkreis of AACHEN. Prior concurrence of CIC was obtained before his installation.

The few citizens remaining in AACHEN and anxious to remain there, observe the rules and enactments of Military Government.

Favorable trend in the attitude of the civilian population at STOLBERG toward the Americans is revealed by the continuing increase in bank deposits over withdrawals. It is believed that such favorable trend in deposits clearly indicates that the people are persuaded that their property rights will be respected and secured under Allied Military Government.

POLITICAL

The civil population in BRAND, AUSDORF, KOHLSCHIED, MERKSTEIN and BADENBERG, in the Landkreis of AACHEN, are showing a cooperative and docile attitude to Military Government. In BADENBERG, the newly appointed Burgermeister and the local priest agreed that, despite the gloomy prospects of German defeat, the people were weary of war and wished its end.

PUBLIC SAFETY

Public safety conditions are generally satisfactory. The Military Government detachment at MONSHAU has directed the Burgermeister to prepare and submit a survey of houses and other buildings abandoned for any reason by their owners or occupants, for the purpose of protecting such premises and their contents from pillaging and looting. The Military Government Detachment at KORNELIMUNSTER reports that several cases were tried last week by the Military Government Summary Court, involving minor traffic and other violations on posted military security routes.

In the AACHEN area, two women were convicted of violating circulation orders and sentenced to a fine of 1,000 RM or imprisonment for six months.

The Military Government Security Police Battalion is patrolling all roads leading from Belgium into AACHEN, thereby relieving Army Military Police. The Military Government Security Police Battalion also prevents the entrance of the "Belgian Raiders" into Germany. The jail in AACHEN is being made ready for occupancy in the immediate future. Civilians will be confined there who are convicted by Military Government Courts in the area.

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Regraded Unclassified

The Burgermeister of BOTT was reported to be cooperating in every respect. The local fire defense organization is composed of volunteers.

LEGAL

Nothing to report.

FINANCE

Nothing to report.

SUPPLY

A complete survey has been made of the local food situation for the area of Landkreis AACHEN, by a Food Committee under the supervision of a Military Government Officer.

AGRICULTURE

Nothing to report.

INDUSTRY AND COMMERCE

From a fairly reliable source it has been reported that during the past few weeks, German authorities have been attempting to divert various kinds of material located in Germany and Italy to storage warehouses in Switzerland, with a view to removing them from Allied control, and in the hope that the Germans might regain control of them after the war. Included in the equipment are complete machine tool installations from several large factories in the RUHR, SAAR and HAMBURG, and also 200 street cars from Italy and a large collection of marble plaques from Italy. Part of the plan consists of a proposed transfer of the goods from Switzerland to Spain as soon as possible.

Following the indications that the Germans have been shipping quantities of foodstuffs from HOLLAND to Germany in spite of the acute situation in the enemy occupied Netherlands, it is reported that the enemy has been removing machinery from textile factories in the TWENTE region, electrical equipment from UTRECHT, and the plant of a large radio factory at HILVERSUM. This suggests that the enemy is looting HOLLAND of all he can while he has the opportunity, with the joint object of supplementing his own resources and adding to the supply difficulties of the Allies when ultimately they liberate the country.

LABOUR

Nothing to report.

PUBLIC UTILITIES

Preliminary reports indicate that the power plant at AACHEN suffered little damage. Water supply in the city is at about 25% normal. A manufacturing concern, the Aachen-Garbe-Solimesy Co., makers of small electrical apparatus and equipment is also reported not badly damaged.

PUBLIC HEALTH

Nothing to report.

MONUMENTS AND FINE ARTS

The Sarcophagus and Throne of Charlemagne and the Chandelier of Barbarossa have been located. As to the other churches, the Battiana and the Stadt Archiv, only the walls are standing. The Smermond and Heimate

SECRET

313

Museum buildings are only slightly damaged. It is reported that the contents of the Convent Museum, itself demolished, were evacuated.

REFUGEES AND DISPLACED PERSONS

Indications are that Nazi attempts to evacuate German civilians from threatened communities are meeting with a poor response. In every town in Germany occupied so far, a considerable proportion of the population has remained behind, acting from one or more of the following motives:

1. Reluctance to abandon property
2. Poor evacuation arrangements
3. Anticipation of decent treatment by the Allies
4. Anti-Nazism.

German civilians who have come through Allied lines have reported that the German military were continuing forcibly to evacuate civilians from the vicinity of HOENGEN, eastward into Germany, and that they are attempting to prevent civilians from moving into U. S. front lines. These civilians also reported that on some farms in the vicinity of HOENGEN, German troops have burned wheat stocks.

The number of refugees in the camp of BEEND, Germany, on 31 October 1944, was 3,400. On 24 October there were 4,400. Evacuation was interrupted thereafter because of the fall of AACHEN. This was also the case at the HOMBURG and AUBEL refugee camps. Plans are under way to return farmers from refugee camps to their homes near AACHEN, where a large amount of live stock needs attention. Very few displaced persons are being discovered in that sector.

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REPORT ON GERMANY

For Week Ending November 16, 1944

At Appendices "C" and "D" are two reports on conditions in Germany made as a result of field trips by individual officers. No attempt has been made to divide these reports into sections as it is considered that more value is likely to be obtained from the general pictures given.

CIVIL ADMINISTRATION

Public officials are reported to be rendering continually increasing assistance to Military Government officers and to be anxious to afford every possible cooperation. The Bishop of AACHEN has requested that Catholic clergy be not employed directly in the civil administration but has indicated that their full cooperation is assured.

In Landkreis MONSCHAU a system of cooperative action has been established between the communes of TOTT and ROETGEN for the purpose of improving their provisioning. Generally speaking the activities of local bodies seem to be most keenly directed towards this end - the acquisition and distribution of food supplies but they are also actively cooperating in the repair of disrupted civilian services.

POLITICAL

At ROETGEN a delegation representing the former Centre (Catholic) Party called on local Military Government officers requesting permission to rebuild their party in the area. In support of their request they pointed out that as early as March 1933 the majority of the voters in the district supported the Centre Party in elections. They further declared that they would do their best to establish harmony between the population and Allied troops. The request was refused in accordance with established policy.

PUBLIC RELATIONS

From MONSCHAU it is reported that the acting Burgermeister has put forward a recommendation that outstanding and representative local citizens be allowed to broadcast to the rest of Germany and repudiate current German propaganda. He further suggested that Allied photographers make permanent records of the damage resulting from German action and operations - such records to constitute a record, for the town archives, of the war damage suffered and the responsibility for it.

LEGAL

An interesting case is reported from VERVIERS, (Belgium). Here a general Military Court was convened for the trial of two German civilians on a charge of harbouring three German soldiers in civilian clothing after the occupation of the area by American troops. The defense was based on two principal grounds; (a) the area had not been effectively occupied by the American forces but had merely been patrolled until the date the soldiers were found; and (b) the soldiers were deserters being sheltered from the German forces in accordance with Allied appeals broadcast over the radio. The defendants were acquitted.

At KORNELIMUNSTER a woman charged with concealing certain Nazi party records and destroying others was found guilty and sentenced to six years imprisonment. A man, accused of stealing coal - at EILENDORF - and refusing to obey the orders of the Burgermeister to deliver coal to a bakery for use in baking bread for the civilian population was found not guilty of stealing but guilty of disobeying the order. He was sentenced to six months imprisonment and also fined 100 Rms.

The workings of courts in Germany and Twelfth US Army area for the period ending 1 November are summarized below.

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Type and location of courts:

- | | |
|------------------------|--|
| (a) General Court | none |
| (b) Intermediate Court | 1 - KORNELIMUNSTER |
| (c) Summary Court | 7 - KORNELIMUNSTER, BREINIG, ROETGEN,
ZWEIFALL, STOLBERG, HERZOGENRATH,
ALSDORF. |

Courts sitting:

- | | |
|------------------------|---|
| (a) Intermediate Court | 1 |
| (b) Summary Court | 7 |

Number of Cases Tried:

- | | |
|------------------------|--|
| (a) General Court | None |
| (b) Intermediate Court | 1 |
| (c) Summary Court | 22 (One case referred to an Intermediate Court). |
| (d) Persons tried - 29 | Guilty - 25, Not guilty - 4 |

Death sentences confirmed: NoneSummary of Cases tried:

<u>Nature of Offence</u>	<u>Law</u>	<u>No of cases</u>
(a) Circulation	Ord 1, Art. 2, Sec 21	11 Cases
(b) Curfew	" 1, " 2, " 22	1 "
(c) Blackout	" 1, " 2, " 21	1 "
(d) Evacuation Order	" 1, " 2, " 21	3 "
(e) Attempted Line Crossing	" 1, " 2, " 43	1 "
(f) Registration Order	Ord 1, " 2, " 41	1 "
(g) Possession of Firearms	Ord 1, Art. 1, Sec 9	1 "
(h) Theft of allied Property	" 1, " 1, " 9	1 " (Referred to high Court)
(i) "Off Limits" Order	" 1, " 2 " 21	1 "
(j) Harboring Enemy Soldiers	" 1, " 1 " 12	1 "

PUBLIC SAFETY

The reconstitution of police, fire and civil defence departments in the city of AACHEN continues to be difficult, owing to the absence of civilians - or at any rate those who could be usefully employed in such roles. So urgent has the necessity for reinforcing these services become that efforts are being made to secure suitable personnel from the refugee camp at BRAND.

The city jail has been repaired and is once again in use, some of its former inmates having been returned and prisoners from other localities having been sent to join them.

From outlying districts reports indicate that police and fire services are functioning fairly satisfactorily. At MERASTEIN the chief of police controls fourteen policemen appointed by Military Government officers whilst the Burgermeister is responsible for fire fighting and PAD services. At KOHLSCHIED auxiliary police have been appointed to supplement the depleted regular force and at HERZOGENRATH there is a force of 26 policemen and 8 firemen functioning effectively under the local chief of police.

FINANCE

No general reports have been received but a very interesting survey of

SECRET

315

Financial conditions in the area outside AACHEN is given at Appendix "E" - FISCAL.

SUPPLY

It is estimated that wheat held at MERKSTEIN, when threshed, will be sufficient to feed the present population of 1,600 for some forty weeks. The Burgermeister has arranged for all unemployed civilians over the age of 12 to assist in potato harvesting and other farm work. Arrangements have also been completed for civilians to gather food crops in the vicinity of BADENBERG and for the storage and equitable distribution of the food.

The Germans allowed no stocking of coal during the past summer because of the shortage of transportation. Consequently the fuel situation in the STOLBERG area continues to be bad. The residents have depended on gas and electricity for household cooking; now even these utilities are no longer available.

INDUSTRY

Four of the eleven boilers at the Carolus Magnus mine at PALENBERG have now been put into operation. At ALSDORF a flour mill is working ten hours a day and another mill in the region is expected to recommence operations in the near future. Three creameries, producing a total of 200 pounds of butter weekly are operating in the area north of AACHEN.

LABOUR

In the German mines the enemy left certain key men behind to keep the plants in working order. These men were provided with a supply of food, clothing, soap, etc., and were told that the Germans would return in three months time. The shortage of labor is not the most serious obstruction to the operation of the German coal mines. Miners are filtering back in twos and threes daily, and it is now believed that about 25% have returned to work. One mine is being operated by Dutch engineers under the supervision of the local Military Government officer.

PUBLIC HEALTH

No serious problems have arisen though at BARDENBERG five cases of diphtheria have been reported. Some twelve cases of impetigo amongst children were given preliminary treatment in military aid stations and were subsequently turned over to the care of civilian doctors.

MONUMENTS, FINE ARTS AND ARCHIVES

The photographing of damage done to historic monuments in AACHEN has been completed. The search for trained specialists formerly employed in the city however has had disappointing results as yet. The superintendent of the Reiff Museum has been restored to his duties and is also assisting with respect to other museums for which no German personnel have yet been found. During the course of an investigation of the repositories at AMBLEVE (Belgium) of works of art removed from AACHEN it was discovered that a large part of the contents had been removed by a representative of the Belgian Ministry of Fine Arts. An inquiry is in progress.

REFUGEES AND DISPLACED PERSONS

On 30 October approximately one hundred persons were released from BRAND camp and returned to AACHEN. They included doctors and other people necessary for the care of the civilian population. Present figures show that some five hundred are returning to AACHEN daily.

A considerable movement of population has been necessitated by military operations. 500 persons were evacuated from BIRGDEN and vicinity and dispersed in GANGLT, WEHR, and HILLENBURG. Approximately 160 refugees from WURSELEN were housed in camp at BARDENBERG.

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SECRET

347

● Reports indicate that prisoner of war camps on the left bank of the Rhine have been evacuated further into the country.

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Regraded Unclassified

RECONNAISSANCE OF OCCUPIED GERMANY (SOUTH OF AACHEN) PERIOD
23-27 OCTOBER 1944

The following report, by a single observer is based on personal impressions, conversations with about fifty Germans of different creeds and classes, and interrogation of certain prisoners of war.

The people as a whole are well disposed to American troops and are showing themselves susceptible to Military Government. Sabotage is virtually non-existent. And regardless of the sternness of our rule and non-fraternizing decrees to our troops, the Germans look upon the Americans as their liberators. They are following orders almost too perfectly. The reason for such conformity may be not so much the notorious German tradition for unquestioning obedience, but rather their flight through escape mechanisms from their present misfortune. The people expect that the Americans, these men of technical and organizational wonder, will look after everything, and that they, the German civilians, are almost relieved of responsibility for their own lives.

There is a complete indifference concerning the national aspects of Germany, the concerns of the people being centered in their own communities. People do not care whether this region continues in the REICH or not. Although no active separatist movement exists, there is a total absence of sentiment for a centralized, national state. With this is combined the self-excusing device of blaming everything on Hitler and the Prussians in Berlin.

M.G. have not yet selected the future Oberburgemeister of AACHEN. About 50 persons have been mentioned. Neither have a Regierungspresident in AACHEN nor a Landrat for Landkreis AACHEN have been appointed. Civilians are most interested in our appointments and hope that nobody will be retained in, or appointed to, office who has the slightest active connection with the Nazis. So deep is the feeling that the former Burgermeister of STOLBERG who, it will be remembered, was himself a borderline case, stated that he regarded his own removal as a "symbolic necessity". A well informed and respectable citizen of AACHEN, Dr. Druven, who on 14 September was appointed to some kind of semi-official post during the city administration (which later returned), expressed the hope that all our appointments might be guided by the Bishop of AACHEN. On the other hand, he urged that the church be not pushed into the limelight by Military Government. Father JAKSEN of EREINIG, who was appointed temporary burgermeister of his community by Military Government resigned his position despite the fact that its occupancy must have pleased him as a man with a keen sense of power. He more or less admitted that, while the local clergy had been advised by high ecclesiastical authorities to assist Military Government, any appearance of partnership between or identification of Church and Military Government was to be avoided. It would be much more effective for the Church to have the relationship of Independent Contractor than that of agent to the Military Government.

In making political appointments there exists a potential danger that screening by CIC plays, and will play, too dominant a role. Certain Military Government Detachments are aware of this.

In the city of STOLBERG, certain very leftist elements attempted to play American Army politics by manipulating CIC against Military Government. When referred to higher authority, this stratagem was immediately stopped.

The resolution and desire of the people for the elimination of Nazism and all its trappings bears importantly on the issue of whether or not to use PWs who are ex-policemen as part of the public safety controls in areas of Germany occupied by our Forces. Interrogation of such PWs elicited the following:

More than one half came from the Rhineland; the rest, mostly from WEST-PHALLIA. Nine were professional policemen and the rest were "Notdienstverpflichtet", a special reserve force liable to call-up in public safety emergencies. All were members of a police unit attached to the German Army to enforce evacuation of German civilians in the path of the Allied Forces. Normally, they belonged to the Ordnungspolizei (law and order police) in various towns. They never carried other than regular police weapons (pistols, machine pistols, but no infantry support weapons); their superiors were never other than police officers; they wore only police uniforms and considered themselves as never belonging to the army but remaining all the while as members of the police. Asked how the people would like to have them reinstated in police work, they were all certain that the people would be glad to see them back. However, after some of them were detailed by Military Government to help maintain order in an evacuation camp they had to be removed because of the hostility of the German evacuees toward them. The reaction of the people was "The Gestapo has returned"; While in political purpose the members of the Ordnungspolizei are entirely different from the SS and Security Police, the fact remains that during the last few weeks, especially in their enforcement of the intensely hated compulsory evacuation order, most of them were just as ruthless and offensive to civilians as the dreaded SS. Furthermore, their uniforms are not easily distinguishable from those of other despised law-enforcing bodies. The majority of German civilians do not want to see any kind of German uniforms. "Let only the Americans be in uniform" they say and "Help us to destroy the German myth of and fetish for the uniform". Upon a balance of all factors, it may be politically preferable to use Auxiliary police, only slightly distinguished from other civilians by armbands, lacking in developed discipline and less efficient than experienced police than to use the latter, almost all of whom were non-coms during the first World War.

The food situation in the whole area is serious. The most critical item is flour. A consequence of present battle lines is that sources of local flour supplies are in several places behind the German lines. Several rural communities have no flour and the supplies of others will be exhausted within a few days to a few weeks. People in STOLBERG are fed soup. However, the necessary constituents, such as noodles, etc., will be gone in about a week. Mil. Gov. Officers have already requested, or will shortly request supplies of flour and yeast, and it is hoped to procure certain dry foods at a later date. The evacuation camp at BRAND, near AACHEN, has soup twice a day and the condition of evacuees there seems more satisfactory than for those in other communities where they are sometimes moved about exclusively for reasons of food supply. The second most critical item is potatoes. The area we hold is a deficit area even in normal times, and is dependent upon imports from outlying areas. Stadtkreis AACHEN and Landkreis AACHEN and MONSCHAU cover their potato deficits by imports from Landkreise JUELICH, ERKELENE and DUREN.

The food situation is aggravated by the combined difficulties of shortage of transport and the effect of our circulation restrictions. Although the Germans did not systematically remove civilian transport, nearly all of it naturally disappeared in the course of the civilian evacuation enforced by the Nazi party.

A considerable amount of damage was caused to agriculture and livestock as a result of the American evacuation of German civilians around MONSCHAU, e.g., KALTENHARGE, a small rural community south of MONSCHAU apparently lost between 1,000 and 2,000 head of cattle during our evacuation. The most prominent farmer in the area, evacuated to a point about 10 miles west, had failed in all requests that small numbers of farm hands be allowed to tend the cattle and seed potatoes.

As to the fiscal and financial situation, some rural communities have no cash owing to the removal by the Nazis of all funds; nearly all such communities have substantial assets for security, and small loans until tax collections are possible would involve no credit risk. These places are positive

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they can get credit as we reach and uncover the Rhine. There they can apply to provincial lending and credit organizations which service the smaller communities. The people themselves seem to have a moderate amount of cash, except for those dependent upon social benefit payments of one sort or another which are in suspense. The manager of the Deutsche Bank in STOLBERG estimated that there are about 600,000 marks in the city (present population 10,000) (normal 28,000). His bank is open about two hours a day and shows a favorable trend of deposits in excess of withdrawals. The total balance sheet of the Deutsche Bank, STOLBERG, amounts to about 11,000,000 marks of which only 68,000 represent commercial advances. Report for the Deutsche Bank, BERLIN, for 1943 is attached.

The German people inside our lines are hungry for news and are completely uninformed as to what is going on in the world. Several people asked, in a humble manner, if it would not be arranged to distribute to them copies of the "Front Post", now being distributed by our P&PW sections to the enemy's armed forces. (Steps to secure distribution of the "Front Post" to German Civilians have since been taken; and the matter has been referred to PW, First US Army, for effectuation).

80% of the workers in AACHEN industries in recent months have been foreign workers. A prominent AACHEN industrialist with whom the undersigned spoke stated that he had been informed by the Syndicus of "Industrie und Handels Kammer" at the Reichs Ministry of Economics in Berlin that the Allied estimate of the number of foreigners in Germany was too low and that the number comes close to 18,000,000.

The people of AACHEN are convinced that it would have been possible for the American Army to enter AACHEN on 14 September.

The information reported by "Stars and Stripes" about the evacuation camp at BRAND is incorrect. The vast majority of the people were moved on foot and not by trucks, which were canvas covered only because there was not time enough for removal. While the site at BRAND is good for evacuees, it was useless at the time for the US Army, as it was a perfect target for the German artillery. One Army unit had to be moved for precisely this reason. The food being distributed meets only minimum requirements, and at least 30% of that was requisitioned from Germans in the vicinity.

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AACHEN UNDER MILITARY GOVERNMENT

The following overall summary of conditions in Stadtkreis AACHEN during the period ending 25 October has been extracted from Field Reports of a Military Government detachment in the area.

Though by now somewhat out of date the picture here given is the first complete survey of its kind.

PUBLIC SAFETY

On 12 September, 1944, all the policemen and firemen of Aachen were removed by SS Troopers to Wuppertal, Germany. On 16 September 1944 approximately 50 of the Schutz police were ordered back into Aachen to take up arms. Some of this number have been captured as prisoners of war, and have agreed to resume their police duties in Aachen. At the present time they are undergoing training. When this is accomplished, they will be returned to Aachen and be the nucleus of a new police force under the direction of Military Government. The rebuilding of the police force in Aachen has commenced.

The Police Pras located on Kassern Strasse is in a very fine three story building which is only slightly damaged. The building has prison accommodations for approximately 100 inmates for short periods of time. There are no facilities for prisoners serving long sentences. The police records are fairly well preserved.

There is one battalion of FA doing MP work in Aachen. They are very capable and are efficiently enforcing all Military Government proclamations. Because of the destruction of the city, which left most of the stores wide open, looting is one of the biggest police problems, but is being effectively controlled by the MP's.

As yet no records of the fire department have been found. Since Aachen is destroyed, it is unlikely that a fire department is urgently needed. However, plans for reorganization of the fire department are underway.

FOOD AND AGRICULTURE

Since the city of Aachen is almost completely destroyed an accurate estimate of the food and agriculture situation is at this time impossible. Since the fighting lines are so near the city boundaries and the city itself is being constantly shelled by enemy artillery nothing has been done toward an inspection of the farms in the area. Consequently this report is concerned primarily with the food situation within the city with consideration given to the feeding problem for the nearly 5,000 Aachen residents in the refugee camp at Brand, Germany.

The Wehrmacht left several food dumps in the city containing meal, flour, noodles, coffee, jam, salt and sugar. These had been rifled by unknown persons prior to our arrival, although some salvage has been picked up to feed the refugees in the camp at Brand.

Several individuals in the camp have donated small stores of private food, and milk and beef have been requisitioned from the gemeente of Brand and Eilendorf.

Fresh vegetables for the camp have been supplied by the harvest of crops grown in the compound. Bread, other than some two tons of welfare biscuits from the Army depot at Herbenthal, has been supplied by the operation of an abandoned bakery at Brand, using refugee labor.

Estimates of the people remaining in the city of Aachen range from 1,000 to 2,000. Most of these people are living on accumulated food supplies or what they can pick up from ruined shops and homes.

An inspection was made of the Reich Food Estate office and the rationing office. The former building is being repaired and is now available for use. Records are scattered and destroyed, although one safe and one file cabinet are locked and have not been opened. The food rationing office is completely destroyed, as are all records.

In summary: At this time it appears that the area is about able to feed itself through the winter provided that no more people return than estimates indicate, that evacuees from other areas are not brought in, and that food resources now here are not removed.

LABOR

A visit was paid to the headquarters building of the Verwaltung des Arbeitssamter for Regierungsbezirk Aachen, Dr. Theobald. All records had been removed and the building damaged.

Located the Aachen Arbeitsamt at Luisenstrasse 42. The building is severely damaged by shell fire and will require repairs to the roof, windows and doors before it can be used. All records and machines had been removed.

Forms and stationery were found in quantity and are being used to set up a temporary Arbeitsamt in the Brand Refugee Camp. One typewriter was found in the basement and confiscated for Military Government use. The new office was opened for business in the Camp on 24 October with fourteen (14) former employees and Herr Hans Carl, director. We have undertaken the registration of approximately 3,000 refugees and have hired additional clerks to speed the project. The ages for registrants are 14 to 60 for men, 14 to 45 for women. A separate list of all other persons in this Camp above and below these ages is being prepared. Two files will be kept: alphabetical and occupational. Details are being worked out for repairing the building in Aachen and moving the office there at the proper time.

An investigation of German wage rates in effect immediately before our entry has been made and will be reported later. At a conference of the Labor Office staff the following rates were tentatively decided upon as being fair rates of pay for our simple classifications:

1. Very skilled	1.10 - 1.20	Marks per hour
2. Skilled	1.00 - 1.10	do
3. Semi-skilled	.90 - 1.00	do
4. Unskilled	.70 - .80	do

The staff is strongly of the opinion that the rate of pay for unskilled labor in the immediate future in Aachen should be .80 M with no payroll deductions. Family allowances are not being considered by this office at this time and questions of social insurance and workmen's compensation and sick benefits are out for the present. The rates for women are generally 25 per cent less than for men. The work week is 48 hours, with one and one quarter the rate for overtime.

Women with minor children will not be required to work but any woman may apply for work. The people of Aachen will be hard put just to keep themselves alive and under a roof for some time to come on account of the destruction.

All labor used in the Brand Refugee Camp is provided by the refugees themselves.

There is need for a local newspaper in this Camp and there is available here enough personnel to get one out if PAPW would send someone to organize and direct it. This is provided for by the German Handbook, Appendix I-4-a, and is desired by the Military Governor.

LEGAL

Due to the disrupted conditions and the almost total absence of officials concerned with the administration of justice, it has been impossible so far to make an accurate or complete survey.

The Court House (Justizgebäude) where all of the indigenous courts of the city were located, has been badly damaged, but a detailed survey by a court official, when one is located, will be necessary to determine the extent of the damage to the court records.

The Amtsgericht was under the supervision of Director Smidt Borkhard. A former judge of this court named Gerou, who sat in the Registry and in the Infants and Incompetents Section is now in the refugee camp at Hambourg. He became a judge in 1910 and remained one until his recent discharge for refusal to join the Party. According to him, all the other judges, of both the Landgericht and Amtsgericht, were compelled to join in order to keep their positions. A leading lawyer of the city speaks favorably of Gerou, criticizing him only for being too meticulous.

There were about 40 lawyers and seven notaries in Aachen. Only 4 of the lawyers and none of the notaries are now here.

As soon as these citizens now living in surrounding towns are permitted to return, some of the judicial officials can be located and more accurate information obtained.

REFUGEES AND DISPLACED PERSONS

On 14 October 1944, a collection point for refugees and displaced persons was established at Brand, Germany. Because of the tactical situation, all persons were being evacuated to Brand and then sent on to refugee camps at Hombourg and Aubel, Belgium.

As the capacity of the two Belgian camps was limited, the collection point at Brand was converted into a refugee camp.

At the present time approximately 4,000 refugees from Aachen are being cared for at the Brand Camp.

COMMUNICATIONS AND UTILITIES

Surveys of the PTT premises disclose:

1. The cable vault is in good condition and all long distance cables have been identified.
2. The battery plant is in good condition but requires immediate attention and continued maintenance.
3. The Eneogruie diesel power plant appears to be unharmed.
4. The automatic equipment for local use appears to be in perfect condition except that caused by lack of maintenance.
5. The local manual assistance board is covered with debris but could be cleaned up and used.
6. The repeater frames have suffered some harm due to fire and debris, but a considerable portion is usable.
7. The long distance manual board appears to have been in process of being removed when the Germans left the city. The remaining positions appear to be in good condition but considerable cable work would be required.

8. The power plant room has considerable debris on the various generators, but some of them could be repaired. The control panel appears untouched.

9. On first survey, no records of any value were found. Later, however, with the aid of a former employee of the PTT, a vast quantity of schematic drawings, charts, diagrams, instruction books, technical manuals, etc., was found beneath the floor of the equipment rooms. It is believed that additional information on the long distance cable also may be discovered.

A brief survey of two post office premises was made and no records, mail, currency, or cash were found. A more detailed survey will be made in an attempt to locate the vaults for cash, pension records, etc.

On 23 October, a water point was established at Ponttor by means of a 1,500-gallon Engineer tank truck hauled from a purification unit. Water was made available in some mains 24 October. On 25 October, an Allied bomber was shot down and landed directly on water main from Schmidog to Hiltfelt, severely damaging the line. At present the water is being drawn through a smaller parallel line, which for the present is ample. No facilities are yet available for repair of larger main.

According to information supplied by gas workers, the supply lines were valved off at outskirts of the city, and gas could be turned back into lines except for breaks in city lines.

One of the major electric power plants is apparently undamaged. However, the area surrounding this plant is said by competent military authority to be under direct observation of the enemy and within easy artillery range and at intervals under fire. Therefore, no attempt is being made to reopen this plant.

The sewerage system is provided with overflows, making it difficult to put it entirely out of commission. Water closets are in use in some sections of the city.

FISCAL

Municipal Finance. Municipal financial transactions are at a standstill. Without exception, the leading officials have fled. No taxes are being collected, nor are payments being made on account of the city. The municipal financial department will have to be entirely reconstructed. A copy of the city budget for the fiscal year 1944 has been secured, which indicates total originally anticipated revenues and expenditures of approximately RM 50,000,000. It is understood that this total was subsequently arbitrarily reduced by 25%. The budget is being analyzed.

Banks and Banking. All banks are closed and, in the majority of cases, banking premises are destroyed or severely damaged. Details for leading individual banks follow:

1. Reichsbank. Building destroyed but vaults intact. No personnel has been located. It is learned on good authority that some days before the fall of the city on orders from Berlin all leading officials of the bank left for the interior of Germany, taking with them currency and records, and making other personnel available for the Army and Labor Front. The vault doors of the bank are open and in the vaults, in locked wall cases, were found about 120 bags of small coins aggregating about RM 12,000.

2. Deutsche Bank. Building damaged but less severely than other large banking quarters, and could probably be used. Directors (managers) and other leading officials have left. All records sent to Cologne about 10 September 1944 and all cash removed subsequently.

3. Dresdener Bank. Bank building damaged and untenable, but vaults intact. Keys to vaults now in possession of the Military Government Detachment. No cash or principal records in vaults. Bank had been operating in temporary

quarters, which also were damaged. One director has left but other director, Her Adolf Zinneke, is in the city and has been cooperating with Military Government.

4. Commerz Bank. Bank building destroyed but vaults intact. Bank had lately been operating in temporary quarters, which were damaged. The Military Government detachment in Aachen has the keys to the vault. Directors have left, but a subsidiary official, Herr Friedrich Arets, remains in the city and has been cooperating with Military Government. Bookkeeping records (including individual account records) are said to be intact in safes, but there has not been an opportunity as yet to inspect them. All cash was removed by cashier when he fled.

5. Societe Generale De Belgique. This Belgian bank conducted a branch for specialized business in Aachen. Both original permanent and later quarters have been severley damaged. One of the two directors, Herr Grothe, was located in Belgium before the detachment entered Aachen, and is available.

6. Stradtische Sparkasse. No officials have been located and have presumably all fled. The main banking building is severely damaged. The vault doors were found open but individual safe deposit safes were intact. In the branch on Hindenburgstrasse, however, which has not been too severely damaged, not only were the vault doors found open but individual safe deposit boxes forced open and contents strewn over vault floor. The vault has been sealed by Military Government and a 24-hour guard posted.

ARTS AND MONUMENTS

The Grass House: Roof and facade damaged, total damage 10%.

Cathedral - The Dom: The octagon tower and dome, 8th Century, damaged. The choir, erected toward the end of the 13th Century, received a direct bomb hit with loosened some recently-installed structural members. It is feared that freezing and thawing of winter may cause serious damage. All valuable windows are destroyed. The south and west portions of the cloisters are badly damaged.

Rathaus: Badly damaged. Both towers are broken off. It is estimated to be 60 to 70% damaged.

SECRET

356

REPORT ON GERMANY

For Week Ending November 25, 1944

CIVIL ADMINISTRATION

Recent reports indicate an increasing difficulty in inducing people to suggest names of possible officials. In all places, however, where Military Government has been established and the initial difficulty of finding the most suitable persons available has been overcome, administration is working quite smoothly.

At VICHT, the Burgermeister, though lacking in previous administrative experience is working satisfactorily. He enjoys the respect of the civilian population (prior to appointment he was a local schoolmaster) and is receiving considerable assistance from the local postmaster. Both these officials are eagerly following the directions of Military Government officers.

From PALENBERG it is reported that a civilian Fuel Administrator has been appointed - his duties consist of the transportation, under police supervision, of a limited quantity of coal to a central point where a rationed issue to civilians will be made.

LEGAL

Two interesting cases are reported by First US Army. A Military Government Summary Court at EILENDORF, Germany, convicted Frans GOTTFRIEDS of disobeying a circulation restriction and sentenced him to serve 45 days in prison and to pay a fine of twenty marks. The fine and the sentence were approved by the reviewing authority. The Intermediate Military Government Court sitting at KORNELIMUNSTER convicted Maria JENSEN of concealing records of the NS Frauenschaft and sentenced her to a term of six years imprisonment. The reviewing authority reduced the sentence to two years.

PUBLIC SAFETY

A close scrutiny and control of civilian population and activities is being maintained. It is reported that German nationals are being encountered who are not in possession of identity cards. A few German soldiers, in civilian clothing, have been apprehended and turned over to CIC.

Telephone connections have been re-established in EIGEL SHOVEN for the use of the local air raid warning service.

FINANCE

First US Army reports that financial conditions throughout occupied areas are spotty. Some banks are operating satisfactorily, others not at all. In spite of cash gain by reopened banks, cash holdings are extremely low in relation to deposits, representing only an insignificant fraction thereof. It is too early to draw definite conclusions as to willingness of German bankers, outside of the Reichsbank, to cooperate with Military Government, although those in small banks reopened so far have shown willingness. The flight of managers and personnel from the bigger places indicates unwillingness to cooperate. As to the Reichsbank, evidence provided by AACHEN and STOLBERG indicates we cannot expect any voluntary cooperation. In the field of public finance, some towns have adequate cash or facilities at hand for essential requirements; others are badly off. Resumption of normal conditions generally is a long way off. Circulation restrictions required by military necessity and absence of records and officials will hamper tax collections in many cases. Collections now are unsatisfactory. The evacuation behind enemy lines of many leading officials, including those particularly concerned with government or municipal finance, will hamper efficient administration of public expenditures. Extension of the occupied area will partially solve some of the

SECRET

SECRET

difficulties. Fiscal and banking control itself has so far been satisfactorily exercised by Military Government in that no violations of our laws or instructions are reported. The territory so far occupied and, more particularly, the volume of actual transactions that are consequently under control, are much too small at this juncture to warrant broad or significant conclusions.

Consideration is being given to the problem of temporary financing for coal mines and other productive industries essential to military operations in those cases where available funds have been exhausted and the local agencies charged with the responsibility for financing industry have not yet begun to function.

The financial services of post offices have not been resumed; nor is early resumption anticipated due to the fact that the records are centralized in important regional offices still in German hands, which may or may not be found intact.

PROPERTY CONTROL

An inventory has been made of abandoned funds and privately owned securities which had been held in the vault of a bank at AACHEN - under Military Government control. About 4,000 Dutch Guilders, in currency, and German industrial securities with a par value of 487,000 RM were involved.

At MONSCHAU a local lawyer has been appointed temporary custodian of a woolen mill which with its property is estimated to be worth 2,000,000,000 marks. In the same town a large sum of individually owned French and Belgian notes turned in to the Military Government detachment is deposited in a blocked account at the local bank for eventual transfer to the Reichsbank.

PUBLIC UTILITIES

The power station at AACHEN was inspected whilst still under observation by the Germany army. Very little damage was found, equipment being largely intact, and appeared to be in shape for starting. Capacity is 13,200 KW. Conductors were broken on the overhead transmission line leaving the plant for the sub-station in the central part of the city. This latter station also contains several motor-generator sets for conversion to direct current, and appears to be undamaged and in working condition.

The gas supply for AACHEN comes from ESCHWEILER, which at the time of the last report was still in enemy hands.

AACHEN has a modern sewage collection system and apparently there has been little damage to the main lines of the system.

LABOUR

The 69-hour weeks seems to be in general operation in Germany and is causing many complaints especially from women, some of whom state that they are expected to work 60 hours, although the regulation is 56 for women. Some employers are interpreting the demand for total effort as a call to increase hours, without regard to their workers' health or to optimum production. Employers who can succeed in completing their production quota in under 69 hours are expected to release a corresponding number of workers for other firms, and are penalized for "cornering the labour market" if they do not. This in itself is likely to discourage any increase in output per man-hour, as it is to the interest neither of employers or workers.

The strain is even greater in enterprises which have been transferred underground for greater protection against air attacks, so that daylight has to a great extent to be foregone and the supply of fresh air, despite the highly developed air-conditioning plants, is hardly comparable with that in factories above-ground.

Workers are supplied with warm food, medical attention, extra rations and special holidays. They are given also special stimulants, such as sweets with

SECRET

Vitamin C, which are administered in doses of up to 100 g in the first stages of exhaustion and have increased working capacity by 20 to 25 per cent.

The latest method is to combine these stimulants with alcohol, making a liquor which is said to have proved exceptionally valuable for ensuring peak performance.

A curfew has been imposed for all foreign workers in Germany. Camp leaders have been ordered to see that everyone is in Camp by 9 P.M. in winter and 10 P.M. in summer. The purpose of the decree is stated by the Dutch workers paper, VAN RONK, to be to guarantee a night's rest in these nerve-cracking times. Camp leaders may, however, allow reliable men to return after the curfew.

The Labour Office has also issued a warning to employers that they must not engage foreign workers except through official channels. No doubt this warning is partly due to the numbers of foreign workers who have escaped and are trying to work their way across Germany towards the Western Front.

PUBLIC HEALTH

Two additional hospitals for civilian use - each of 100 beds - have been established at AACHEN.

The large municipal hospital at AACHEN will be used as an Army evacuation hospital, as soon as repairs can be completed. The Emmerichstrasse Krankenhaus is now operating, and the others will be ready in from four to six weeks. Public health administration in AACHEN is organized under a health officer, and a deputy for legal and forensic records. Statistics and administration are in charge of the former secretary of the health office, a woman who had been employed in this capacity for ten years and is familiar with administrative details. Medical supplies for AACHEN are available in several drug stores and warehouses. One pharmacy is in operation with two others about to be opened. Other medical supplies will be centralized and distributed, under supervision of the civilian administration, by an approved wholesale organization. Some categories of drugs will be available to health officers of other German communities through civilian channels.

MONUMENTS, FINE ARTS and ARCHIVES

More works of art were found in Schloss Rynburg including carved ivories, stamp and coin collections, as well as a diamond and pearl Tiara, some of these having been placed in a bank vault in AACHEN.

The archives at AACHEN seem to indicate that all records dealing with Nazi personnel have been removed.

REFUGGES AND DISPLACED PERSONS

Reports received during the past week indicate that the area East of AACHEN is being evacuated for security reasons. AACHEN itself is being reoccupied on a restricted and controlled basis and some farmers are being allowed to return to farms near the city.

Refugees in the camp at BRAND which on 11 November held 3,466 persons, are being moved to provide space for military evacuation hospitals.

The following refugee state is based on reports received:

<u>Place</u>	<u>Refuges</u>	<u>Remarks</u>
PALEMBERG	11	from FROLENBERG
BARDENBERG	172	from WURSELEN
	50	Refugees from camp relocated in homes in KOLISCHEID and BARDENBERG.

SECRET

REPORT ON GERMANY

For Week Ending December 2, 1944.

CIVIL ADMINISTRATION

It is reported from AACHEN that the Oberbürgermeister - OPPENHOFF - is to have eight assistants (known as Bürgermeisters) to assist him in his duties. All the nominees, at the time of reporting, had not been finally approved but their duties are as follows:

- A. In charge of labour and social matters.
- B. In charge of reconstruction (SCHWIPPERT)
- C. Responsible for trade and industry (HIRTZ)
- D. Administrative and legal officer (PONTESEGGAR)
- E. Schools, church and cultural matters (BREUER)
- F. Public Utilities (WIES)
- G. Banking and finance
- H. Police (SCHEFER)

According to Bürgermeister HIRTZ (trade and industry) the only task likely to be dealt with by his office during the coming months will be the feeding and sheltering of the population. No assistance will be given in repair or rehabilitation work not directly concerned with the welfare of the inhabitants. The greatest need at present is for transportation, not only to bring in meat and vegetables but also to carry coal, tiles and wood.

Under the present administrative organization the burgermeister of KORNELI-MUNSTER has jurisdiction over the neighbouring townships of KRAUTHAUSEN and SCHLECKHEIM. HUEPGENS - the burgermeister, is assisted by two assistant burgermeisters, two economists and a treasurer and the whole of this staff has been most cooperative throughout the period of occupation.

The town of BLEIALF (Landkreis PRUM) was completely evacuated before occupation, the majority of the public officials and gendarmerie having fled with the German army. Neighbouring Burgermeisters and local clergy recommended that the former Burgermeister (PULLEN) and his assistant (FINKAS) be retained in office. This was agreed to as a temporary measure and they have set up office in WINTERSCHIED but it is considered doubtful whether either official has sufficient experience or education to administer civil government under normal conditions.

LEGAL

The first British Military Court to sit in Germany opened at GENGELT on 22 November to try persons charged with crossing the frontier contrary to Law 77.

PUBLIC SAFETY

The police force in AACHEN is now 109 strong - all unarmed auxiliaries. SCHEFER is aiming at a force of 150 men working in the seven districts into which the town has been divided under Provost Marshal authority. At present the major task on which the police are engaged is conducting a housing survey.

Reports stress the fact that most violations of Military Government rules and regulations appear to be due to ignorance rather than to wilful misconduct. The posting of various legislative decrees is said to have been not entirely effective in that more time is required for reading and absorbing than is available to the civilian population during the hours in which they are permitted to circulate. Accordingly extensive use is being made of town criers, handbills and even the local clergy in their pulpits. It was intended to commence distribution of "DIE NEUE ZEITUNG" on 27 November - a factor which should assist materially in the matter of public information.

FINANCE

(The following paragraphs deal with Alsace Lorraine and NOT with Germany proper but are included here in view of the fact that the district was absorbed into the Reich)

SECRET

Regraded Unclassified

SECRET

380

At MULHOUSE the records and securities of the Banks were left untouched, and the original French personnel - who had been maintained in office - are still on hand. A noticeable exception is the complete evacuation of the Reichsbank - records, money, securities and personnel all departed, causing a loss to local banks of around ten million Reichsmarks.

The four banks in the city have approximately eleven million RM in cash on hand compared to 227,000,000 RM deposit liability. This amount of cash is, however regarded as ample for the following reasons:-

- (a) The entire amount is looked upon as a pool. The banks are prepared to come to each other's aid if necessary.
- (b) Large corporations have for many months hoarded their cash on the advice of local bankers. The sum they have on hand is known to be quite large.
- (c) The people themselves have an unknown amount of hidden cash reserves, but it is believed to be substantial. A large part of it is undoubtedly in France.
- (d) The Bank of France is expected to reopen shortly.
- (e) The bankers confidently expect an increase in deposits upon their reopening.

With regard to the exchange of German currency into Francs, the rate of 15 to 1 is locally considered to be inadequate. Any rate other than 20 to 1 is criticized on the ground that rich people and the large corporations who did exceedingly well during the war can manage with the 15 to 1 rate but the entire middle and lower classes suffered during the German occupation and will be penalized.

Tax collecting offices at MULHOUSE are functioning and payments are up to date. Budget and expenditure offices are open. Officials have been paid through December and all, with the exception of the Mayor, are at their jobs. The Germans took away no public funds when they evacuated.

Price control and rationing has functioned effectively. There has been no recent change in official wage or price structure. In the black market prices have increased but the volume of black market trading is very small. The black market is not widespread or well organized, due largely to the comparatively large amounts of food allowed under German rationing, all of which were available in full. Many families lived throughout the occupation without recourse to the black market and among those who patronized it, hardly over 10% of their consumption was procured from this source.

Black market prices for foreign currencies indicate a lack of confidence in the future of the mark, growing largely out of the fact that individuals have accumulated large cash holdings for which they have been able to find no outlets. The dollar is quoted between 30 and 40 RM; the 100 franc French note between 7 and 8 RM and the 20 franc gold piece 500 RM.

PROPERTY CONTROL

All publications and documentary material comprising the public library of ROETGEN including all books, collections, papers and records, have been placed under the control of Military Government in accordance with the provisions of the Blocking and Control of Property Law.

SUPPLY

Supply is reported generally satisfactory in all areas. Eight food stores have been opened in AACHEN for the sale of bread at 45 pf per kilo, potatoes at 8 m per cwt, and meat at 90 pf per pound. The Gemeinden of BREINIG, STOIßBERG, WALHEIM, AND KRAUTHAUSEN have formed a food pool for the equitable distribution of such foods as sugar, salt, butter, lard and other fats. The Military Government officer at LANDKREIS AACHEN supervised the formation of the pool and instructed the Burgermeisters in its operation. Lack of transportation and circulation

SECRET

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restrictions prevent an equitable distribution of food resources in these areas at the present time.

PUBLIC UTILITIES

Considerable attention is being paid in AACHEN to the provision of electric service to essential buildings - telephone exchange, Military Government offices etc.

The Carolus Magnus mine at PALENBERG is being connected with nearby power sources to enable pumping operations to gain headway over the flood water. At the same time arrangements have been made for a connecting link to be constructed, by civilian labour, between the fresh water system at the mine and the AACHEN water net.

A check on the main water supply lines from BARDENBERG to KOHLSCHELD, HERZOGENRATH, KERKRADE, MERKSTEIN AND ALSDOERF revealed only one visible break, at a bridge over the River WURM. Civilian workmen are engaged in repairing the damage.

COMMUNICATIONS

No serious damage is reported to have been suffered by the telephone exchange at HERZOGENRATH. Post office supplies, including stamps and money, had all been removed prior to occupation.

A survey of telephone trunk circuits available between the towns of AACHEN, BRAND, KORNELIMUNSTER, ROETGEN AND MONSCHAU has been carried out with the object of determining pairs available and routing of cables.

PUBLIC HEALTH

General health conditions are reported to be good with no epidemics and cases of reported influenza at BARDENBERG were discovered to be merely severe colds.

Five cases of diphtheria have been reported from STOLBERG.

A civilian doctor at HERZOGENRATH has estimated that local medical supplies are adequate for six months.

EDUCATION

The school buildings in AACHEN are, in the main, in bad condition. The Technical High School, for example, has been virtually destroyed. The printing of text books is impossible, and the teachers and school pupils are widely scattered. It is, as yet, impossible to deal with such matters as printing of text books, procuring teachers, and opening the schools.

SECRET

252

REPORT ON GERMANY

For Week Ending December 9, 1944

CIVIL ADMINISTRATION

Reports from the most recently occupied sectors of Germany indicate that destruction to towns and villages is now much more severe than in the early stages of the German battle and that evacuation Eastwards of the civilian population is still being carried out. BETTENDORF and SIERSDORF are reported to be 90% destroyed, LOVERICH and FLOVERICH to have suffered 50% destruction. The town of DUERSBOSLAR was completely evacuated when occupied and almost all the population had disappeared from GEILENKIRCHEN, PUFFENDORF, EDEREN, FREIALDENHAVEN, MERZENHAUSEN, ALDENHOVEN and GERSONSWEILER.

In Landkreiss MONSCHAU, in an effort to improve control in the distribution of existing supplies of food, fuel and civilian clothing a conference was called by the local Military Government officer and attended by the Landrat of the Kreis together with the acting burgermeisters of ZWEIFALL, ROTT and ROETGEN.

Acting burgermeister KEISCHGENS of BEND, near SCHEVENHUTTE has been removed from office on security grounds and now is being held in a local prisoner of war cage. Gemeinde STEINEBRUCK has a new burgermeister in the person of Johann MARX of URB.

The burgermeister of SCHERPENSEEL and five secretaries are working without compensation for their services. All records were destroyed or removed by the Nazis upon their departure.

Officials appointed by the Military Government in the Gemeinden of UBACH and PALENBERG have proved reliable, and civil administration in these communities is functioning effectively.

PUBLIC SAFETY

In general no change is reported. Military Government enactments are being posted in the ESCHWEILER area and Military Government officers in this town are assisting in the screening of local inhabitants.

At EILENDORF Nazi Party members are reporting daily in compliance with orders and several former German soldiers found in the town have been handed over to Prisoner of War authorities. Billets have been allotted to a considerable number of troops and the fire department has been reorganized and is ready for service.

From AACHEN reports indicate that considerable progress has been made in reorganising the administration of the local prison.

Civilian circulation is prohibited in SCHERPENSEEL except for shopping, water carrying and harvesting. Emergency passes which permit circulation after curfew are issued only to priests and to doctors.

POLITICAL

The burgermeister of SCHERPENSEEL maintains that, prior to American occupation, there were about fifty Nazi party members out of a total population of 1, 274. Of the fifty, only twelve allegedly were genuine Nazis. A certain number of professional party workers had been sent in, but they left with the retreating German forces. This stated disinclination for Nazism is attributed to preponderant Catholic and peasant opinion and influence.

LEGAL

At AACHEN, three former employees of the Court have been re-engaged,

SECRET

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one being the Amtsgerichtsrat and another the former custodian of Court records. These employees are now engaged in bringing the records up to the date of occupation. Similarly, 16 former employees of the prison in AACHEN have been re-employed. Four lawyers and one notary have returned to the city. They are being examined and interviewed in connection with the plan to reorganize the local bar and notaries. It is not believed that there is an urgent need for reconstituting the local criminal court since the Military Government Court has been handling all judicial business and disposing of all cases.

FINANCE

Acceptance of allied authority and confidence in the Military Government regime is indicated by the continued increase of deposits over withdrawals in the few banks now operating in occupied areas. However, cash holdings are still extremely low.

In accordance with the provisions of Military Government Law No. 53, foreign currency and silver coin in nominal amounts have been turned in to the Burgermeister of BRANDT. These sums will be deposited in the nearest bank and transferred, as soon as security considerations allow, to the Reichsbank.

One new bank has been organized in AACHEN out of the remnants of ten old banks which had previously served the banking needs of the city. Details are not available, but it is reported that the new bank is far too small to be a factor in meeting any credit demands of importance. For the time being, its primary function must be to act as a depository for local funds.

SUPPLY

Army trucks have been employed in servicing the refugee camp in AACHEN and in the distribution of medical supplies. The local administration of BRANDT has been taking care of food supplies for the Gemeinde, and prices are being checked with police help. It is stated that a small black market exists. Clothing and shoes are not available but there is an adequate supply of meat due to emergency slaughtering.

From ALSDORF it is reported that spaghetti, yeast, salt, sugar and soap were moved by truck from KOHLSCHIED to ALSDORF to relieve local shortages. Arrangements were completed with the Detachment in charge of Landkries AACHEN to bring cattle from the AACHEN area to ALSDORF. Transportation used in this movement will return with flour, which is badly needed in the southern part of the Landkreis.

AGRICULTURE

Farm Production. In certain occupied German territory farm production has been seriously interfered with by tactical operations. The majority of German farmers have left their farms, being evacuated by the Germans as refugees, or forced to leave their land by Allied tactical commanders. In some areas, cattle are roaming the countryside unattended. Many milk cows are going dry due to the inability of the remaining farmers to milk them; crops in the field are not being dug; leaking roofs and the lack of permission to issue gasoline for threshing is causing considerable quantities of grain to rot in the barns. There are some vegetables available, but the lack of transport and inability of civilians to cross Divisional and Corps boundaries, makes it difficult to get much of these into cities.

The area uncovered to date is rather rich in potatoes, cattle, dairy products and root crops for animals. It is not a wheat area although some rye is grown. It is stated that one half of the cattle in the area may have to be slaughtered for lack of fodder and farm help to care for them.

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Available Stocks of Food. There were practically no large stocks of food uncovered and those which are available are located in homes, shops and farms. Although the rural areas will be able to feed themselves for sometime, it was felt that imported Civil Affairs food would be needed in the AACHEN region within 30-60 days (depending on the number of persons returning to evacuated cities), to keep people from starving. The area appears to have sufficient meat for some months, potatoes for at least 60 days, vegetables for the present, but there is a shortage of flour and there will be an acute milk shortage within a month or two. In AACHEN, an effort is being made to collect all food stocks from bombed stores, warehouses and homes, so that it may be distributed as a ration later.

Difficulties in Farm Situation. The factors interfering with farm production are:

- (a) Evacuation of farmers
- (b) Shortage of farm labor
- (c) Lack of transport
- (d) Lack of gasoline for thrashing
- (e) Inability to transport farm produce over Divisional and Corps boundaries
- (f) Lack of transport facilities
- (g) Total lack of all food records, and organization to deal with collection of farm crops
- (h) Lack of personnel familiar with the organization of the farm collection programme

Food Distribution. The German rationing system in operation prior to the invasion was regarded as one of the most efficient in the world. Practically all food products were rationed and rigidly controlled. There was an active black market in this area prior to our entry due to smuggling across the Dutch and Belgian borders, but the black market is not as prevalent in Germany as in France or Belgium.

The control of food was entirely in the hands of Nazis, and before our entry, the Germans removed all records and personnel. Apparently Military Government officers have been unable to locate a single employee of the food collection or rationing offices. This total absence of a rationing organization, has greatly handicapped Military Government and has made it necessary to improvise extensively.

Rationing System Used by Military Government. In order to distribute food equitably to civilians, each local detachment has found it necessary to develop its own system. In MONSCHAU, it has been possible to continue the old German system on a modified basis. In STOLBERG, new simple ration cards have been printed and in AACHEN, it was expected that new simplified cards would be available on 2 December, and the system placed in operation as soon as the civilians could be re-registered. Pending the inauguration of the new system, a voluntary registration plan was placed in operation. The AACHEN detachment demonstrated initiative in developing this plan. It provided that each retailer would register his consumers and could draw food only for those persons registered with him. Each person was prohibited from registering with more than one retailer. The system obviously was difficult to check, but was probably adequate for the emergency. Only a few basic commodities were rationed and the sale of other products was not facilitated by Military Government officers.

Rations Actually Distributed. It has been reported that rations in excess of those distributed in liberated areas were being distributed to German civilians. There are indications that this might have been true in the early days due to the natural confusion of combat conditions, and the fact that the Germans prior to our entry enjoyed rations in excess of those in liberated areas. At the present time it is extremely difficult to determine just how much food German civilians are obtaining due to the lack of controls, and the inability to check on available stocks; looted stocks, the sale of unrationed

items, and the amounts obtained from home gardens. As regards the rationed foods, the quantities distributed are not in excess of those distributed prior to our entry and most certainly are lower. Some items may be distributed in somewhat larger quantities than similar items rationed in liberated areas, but on a caloric basis, the amounts rationed are not excessive in AACHEN, STOLBERG and MONSCHAU. The actual maximum daily rationed quantities, which are distributed when available, are shown below:

MONSCHAU

214 gr bread
35 gr meat (with bone)
18 gr butter
8 gr margarine

Potatoes and vegetables as grown individually.

AACHEN

200 gr bread
35 gr meat (with bone)
350 gr potatoes

Vegetables as grown individually

STOLBERG

230 gr bread
35 gr meat (with bone)

Children 1-3 years, $\frac{1}{2}$ litre milk every other day

$\frac{1}{4}$ lb. butter per month if available

$\frac{1}{2}$ lb. apples per week

Cheese occasionally

1 lb. sugar issued two weeks ago

Rural
Area

No towns uncovered - Farmers self-feeding, no ration.

All the food consumed by the people of occupied Germany since the invasion has been German food except for some Army rations distributed by Units and individual soldiers in the early days and also 7.88 tons of captured food taken from Belgium to the BRANDT Displaced Persons Camp.

Rations Prior to Occupation. It has been extremely difficult to learn from Germans what rations they received prior to our occupation. Despite the importance of the daily ration to consumers, those interviewed did not seem to be able to remember how much they had been receiving. However, inquiry finally revealed that normal consumers in this area, received the following daily rations of principal items (although several were rationed on a monthly basis):

300 gr bread
625 gr potatoes
35 gr meat (with bone)
30 gr sugar
17 gr fats (butter)
23 gr jam
4 gr cheese

The potato ration was reported to have been a ration of 150 kilos for the winter, so it may be that as the advance proceeds toward the Rhine, it will be found that the German people may have received this ration and be well supplied for the winter months.

Proposed Ration System in AACHEN. The new ration system in AACHEN contemplates the issuance of six ration cards to each consumer. There will be one card for meat, one for bread, and one for potatoes. Each of these cards will have 25 coupons, one coupon good for one weeks rations of the particular commodity. There will also be three cards lettered with coupons from A to X, AA to XX and AAA to XXX respectively. These latter cards will be used for rationing any other items but meat, potatoes and bread. It is planned to request each consumer as he registers to declare his food stock and coupons will be removed for stocks on hand. All consumers will be treated alike regardless of age or occupation.

SECRET

PUBLIC UTILITIES

The area immediately East of AACHEN, now being occupied, is of great importance from the standpoint of electric power and coal. The area between AACHEN and COLOGNE has plants with a capacity in excess of 1,000,000 KVA with the GOLDENBERG PLANT having approximately 800,000 KVA. This area also contains the Brauweiler Sub-station which is the most important inter-connecting station in the entire German grid system.

Experiences at AACHEN show no tendency on the part of the Germans to wreck the power plant by demolition. However, the governors were removed from the turbines and crated for apparent shipment. The governors were left on the floor of the plant and were discovered on first inspection.

At WEISWEILER the Zukunft Steam Power Station with a capacity of 75,000 KW was badly wrecked by shell fire, but no evidence of sabotage was apparent. The station cannot be placed in operation for many months, even on a limited output. All key personnel at this station and also at AACHEN were evacuated along with all operating records of the plant.

In an attempt to restore power in AACHEN work is progressing on the Gobbelgasse Power Plant. A check is being made on the 34-KV line from KOHLSCHEID as a temporary and emergency source, and an investigation is being made of the 5-KV source from EUPEN as a means of supply for the southern portion of AACHEN. At the Gobbelgasse Power Plant, about fifty cars of coal in the station yard can be used for starting unit No. 2, which is intact, while minor repairs are being made on units No. 1 and No. 3. Electricity for the Military Government officers in AACHEN is being supplied by a diesel-generator set in the PTT building, and power for the St. Marien Hospital by a steam driven generator at the Decker Brewery.

INDUSTRY

At HOENSBROEK there are saw mills and a grain mill in excellent condition, with employees present. The Carolus Magnus Mine in the URACH-PALENBERG area, is employing only 120 of its normal personnel of 3,000. Army engineers are repairing the severely damaged mine and generator but the supplies necessary for operation have been depleted by military requisitioning, looting and bad weather. The Laurweg coal mine at KOHLSCHEID reports 580 to 600 workers employed daily. There are 300 to 350 additional workers available in the area. The present pay roll provides 74,000 RM for miners and 20,000 RM for office employees.

Coal production figures reported for two mines in the ALSDORF area are as follows:

- (a) "Anna II": 9 November, 374 tons; 10 November, 235 tons; 11 November, 140 tons; 13 November, 179 tons; 14 November, 265 tons; and on 15 November, 304 tons.
- (b) "Laurweg": 8 November, 239 tons and 10 November, 221 tons.

PUBLIC HEALTH

No unusual public health problems have occurred to date. Civilian casualties from combat action continue with most of the reported cases being treated by local medical personnel. In all reported communities, doctors and related personnel have remained in sufficient numbers to handle the civilian medical problems. Civilian hospitals are in operation in most communities but vacant beds are becoming more scarce according to reports from STOLBERG, KORNELIUNSTER and AACHEN.

It is reported that German medical personnel are rendering excellent medical attention to the civil population. Reasonable quantities of medical supplies have been located in the pharmacies of the larger communities but due to restriction on circulation, outlying communities have

SECRET

met some difficulty in obtaining drugs and dressings. Adequate stores are available for call-forward by the commands for distribution to the civilians, if such should be required under current policy.

At BARDENBURG, communicable diseases reported in normal numbers consisting of diphtheria, influenza, measles and scarlet fever.

MONUMENTS and FINE ARTS

A collection of paintings, museum pieces, furniture and other objects, was found in a hunting lodge in SCHWARZFEID about one and one-half miles south of ROETGEN. A medical unit which was occupying the lodge has been informed of the importance of the collection, which has been placed under lock and "Off Limits" signs posted.

REFUGEES and DISPLACED PERSONS

Latest available figures are as follows:

<u>Place</u>	<u>Present Population</u>		<u>Remarks</u>
	<u>Refugees</u>	<u>D.P.s</u>	
AACHEN	600	-	Capacity 5,000
*BAESWEILER	50	40	D.P.s are Poles
WERKSTEIN	125	-	Capacity 350
*PLEY	122	-	Capacity 500

* Installations reported for first time.

Residents of AACHEN who have been found in towns east of the city are being returned home. It is reported that the Germans evacuated all women and children from the towns of KESLER, JULICH and DUREN.

Reports indicate that one-third of the normal population of 85,000 in TRIER has remained behind after evacuation was ordered. In ESSEN, it is reported that 400,000 of a total population of 670,000 still remain. However, the Gauleiter in the area on 18 November announced that, for the first time in any area not immediately threatened by land operations, a compulsory evacuation of all unemployed people, invalids, mothers with young children would be carried out. It was expected that this would reduce the resident population by half. Reports as to evacuation of foreign workers vary widely, with one stating that workers who held individual, rather than group, contracts would be permitted to stay behind.

SECRET

January 6, 1945

MEMORANDUM FOR THE FILES

(For the Secretary's Diary)

On December 19 Mr. Peter Bergson called on the Secretary at the request of Congressman Andrew Somers. Also present were Mrs. Klotz and Messrs. DuBois and Luxford.

Mr. Bergson complimented the Secretary on the enormous contribution he had made to the refugee problem through the War Refugee Board and stated that the Secretary was one of the few men in this country who seemed to grasp the true proportions of the tragedy experienced by the Jewish people in Europe.

Mr. Bergson then spent a few minutes explaining the philosophy underlying the activities of the Hebrew Committee of National Liberation. He emphasized that in his opinion it was a mistake to confuse American Jews with the stateless Jews or those Jews in Europe who, after the war, would find themselves in a hostile environment or otherwise anxious to forget the past and begin anew. He said that the Hebrew Committee of National Liberation was primarily concerned with the future of that segment of the Jewish population having no real home and it was for them and not the American Jews (for example) that the Palestine issue became important.

Mr. Bergson stated that he felt it was unfortunate that the Palestine issue was constantly raised in political terms by Jewish groups in this country and elsewhere. He said that in raising the issue in terms of making Palestine a Jewish Commonwealth, it was always discussed on ideological grounds. He felt that if the issue were discussed as a simple humanitarian measure, and with no attempt to resolve at this time the political status of Palestine, the proposal would receive far more sympathetic consideration in all quarters, including specifically Congress and the British.

He said that it was more important to find homes in Palestine for the homeless Jews than it was to obtain abstract political concessions at this moment.

Mr. Bergson complained that the War Crimes Commission had failed to include as war criminals those persons in Germany guilty of slaughtering stateless Jews. He said that this attitude accentuated his conviction that these Jewish groups must be given representation at the peace table, so that they could insist upon their rights being considered and protected the same as every other group.

Mr. Bergson then mentioned that he was distressed by the fact that recently a number of Jews had been transported from Rumania to Turkey with the expectation of getting permits from the British authorities authorizing their entry into Palestine and that the British without warning and without consultation with Ambassador Steinhardt had refused to issue the permits in question. As a result, the Jews were compelled to return to Rumania. Mr. Bergson felt that the War Refugee Board should intervene in the situation and stated that the War Refugee Board had refused to step in. It was explained to Mr. Bergson that the position had been taken that the War Refugee Board's mission under the Executive Order establishing it was limited to the rescue of Jews and other refugees in imminent danger of death at the hands of the enemy; that since Rumania had been liberated and was now in Allied hands the Board had felt that the problem Bergson raised did not fall within this category. The Secretary suggested that Mr. Bergson discuss the matter further with representatives of the War Refugee Board.

Mr. Bergson stated that he felt it was important that the United States obtain effective representation on the Intergovernmental Committee. He said that since Myron Taylor was resigning, he would urge that Senator Gillette be named to represent the United States on this Committee. The Secretary stated that he felt that there was much to be said for Mr. Bergson's suggestion.

- 3 -

As Mr. Bergson departed, the Secretary told him that he did not need to arrange appointments to see the Secretary through Congressmen or others and that if Mr. Bergson wished to see him, he should call directly. Mr. Bergson thanked him and departed.



Report of the War Refugee Board
for the Week of January 1 to 6, 1945

JEWS IN GERMAN-CONTROLLED TERRITORY

It now appears to be a well-known practice for the Germans, before evacuating any area, to undertake to exterminate the surviving Jews in that area. Considering it necessary for this reason that the attention of Swiss and International Red Cross authorities be once more drawn to the danger faced by the Jewish survivors in German-controlled territory, we cabled our Legation in Bern and Representative McClelland requesting that the Swiss Foreign Minister and the President of the International Red Cross Committee be visited and urged to make continued efforts from now on to keep the surviving victims of Nazi persecution alive during the coming stages of hostilities in Europe.

In this connection, it was requested that specific reference be made to the three major concentrations of Jews known to exist in Axis territory, viz, Lodz with 60,000 to 80,000 inmates, Theresienstadt, where there are 40,000 to 60,000 inmates, and camps in Vienna with 15,000 inmates, as well as any other localities or regions where Jews are believed to survive. We asked that it be made clear that it is the view of this Government that frequent and extended visits of Swiss Consuls and InterCross delegates to places and regions where Jews are concentrated constitute one of the most effective means of preventing their further extermination, and pointed to the proved efficacy of this method in Budapest where, thanks to the presence of Swiss and InterCross personnel, many lives appear to have been saved. We indicated the desirability of emphasizing the mounting evidence of confusion among local German officials and their increasing accessibility to psychological pressure directed to dissuading them from carrying out the extermination policies ordered by central German authorities and of urging that full advantage be taken of this state of mind, through unofficial as well as official channels, in the interest of saving lives. With particular reference to German consent to permit InterCross inspection and care for Hungarian Jews engaged in forced labor in Germany and German-occupied territory, we suggested that immediate and continuing InterCross action to safeguard the lives of this largest group of Jews surviving under German rule be requested. We further urged that it be made clear to the Swiss and to InterCross that this approach is not a plea for one-time acts of intercession but is a request for unremitting pursuit of the suggested activities as long as the danger continues.

At the same time, in view of this situation and in view of his recent reports indicating the effectiveness of publicity and other forms of psychological pressure upon German officials, we requested Representative McClelland to make special efforts through all channels available to him to increase such pressure with a view to safeguarding the lives of the surviving victims of Nazi persecution.

PSYCHOLOGICAL MEASURES

In a letter to the Director of the Office of War Information, we advised him of the information available to the Board indicating that confusion and division of views within the rank and file of German officialdom have set in with regard to the Jewish question and that, whether because of fear of punishment or a desire to establish an alibi or as a result of defects in the Nazi machinery of control, officials on the spot seem not so determined as they once were to follow to the letter instructions from the authorities in Berlin with regard to the treatment of Jews. We pointed out that the policy of the central German authorities has, nevertheless, grown even more ruthless, if anything, and that they apparently intend to exterminate the Jews still alive in German-controlled territory as such territory is evacuated in the face of Allied advances, so that, ironically, the danger to these Jews becomes greater with every Allied military success.

We expressed the view that our reports demonstrate the compelling importance of increasing at this time the psychological warfare pressure on the local Nazi and satellite officials and suggested that heavy emphasis on General Eisenhower's statement of November 6, 1944, would be particularly helpful for this purpose. We indicated that the value of such psychological pressure is clearly shown in reports received by the Board from Hungary attesting to the important role which OWI programs played in halting the deportations of Jews from Hungary. For the assistance of the OWI in formulating a psychological warfare program along the lines requested, we listed the principal concentrations of Jews remaining in German-controlled territory, including an addition to the three groups mentioned above 100,000 to 200,000 Hungarian Jews in labor camps, presumably on the Austro-Hungarian border, in Austria, Czechoslovakia, and Southern Germany, 1,000 to 2,000 internees at Bergen Belsen, and 16,000 Lithuanian Jews in labor camps in East Prussia.

SITUATION IN HUNGARY

Minister Johnson advised us that he had conveyed to the Swedish Foreign Office our request for action by the Swedish Legation in Budapest to extend protection and special treatment to Jews in Hungary with Spanish papers and visas. He was informed that for the time being the Foreign Office has no means of communication with the Swedish Legation in Budapest.

A report received from a private source through our Legation in Bern referred to a project to admit 14,000 Hungarian Jews into Switzerland and indicated that official information has been received that 1,000 are now ready to leave Budapest and may arrive in Switzerland shortly.

EVACUEES FROM BERGEN BELSEN

Following the request of Swiss authorities that the removal from Switzerland of the group of 1,355 Jewish evacuees from Bergen Belsen be facilitated, we cabled representative Mann information concerning the composition of the group and the temporary nature of the accommodations arranged in Switzerland for them and

- 3 -

requested that the question of their admission into Palestine be taken up with the British.

FOOD PARCELS

Representative McClelland cabled us of the receipt of a report from the International Red Cross that the freight cars which left Gothenburg some time ago with 15,023 War Refugee Board parcels have been inexplicably held up by German authorities at a point near Lubeck for almost two months and have not yet been forwarded to the concentration camps for which they were destined. He advised us that he had urged Intercross to investigate immediately the cause of the delay and that the latter has wired its Berlin delegate to take energetic steps to move these parcels.

With respect to the proposal for sending food parcels to Poland, McClelland advised us that Intercross will undertake to forward test shipments of 250 parcels each to a number of accessible camps in Poland.

EVACUATIONS THROUGH TURKEY

We learned from Representative Katzki that the British Embassy has received authorization for the issuance of Palestine entry certificates to a group of more than 600 emigrants en route from Rumania to Palestine and that it has also requested the Turkish Foreign Office to admit them into Turkey in transit.

SITUATION IN SLOVAKIA - LATIN AMERICAN DOCUMENTS

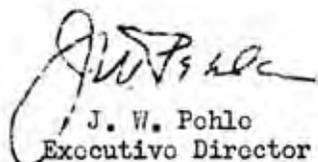
A cable from our Legation in Bern brought information, given by the Swiss in an informal statement, that a report from a Swiss representative at Bratislava indicated that nothing is accomplished by the transmission of Salvadoran identity papers to Jews in Slovakia since, according to the Permanent Intercross delegate, the Jews considering themselves Salvadorans underwent voluntary internment at the Marianka camp but were removed from this camp and probably by now have been deported. The Swiss representative observed that most of the Jews concerned were born of Slovakian nationality and have met with difficulty in their assertions to the German authorities that they were of Salvadoran nationality. It was said that persons applying anti-Jewish measures simply tore up the Salvadoran papers in the possession of these Jews.

Upon receipt of this information we called our Legation in Bern and Representative McClelland asking them to request the Swiss Government to protest such action in the name of the United States Government, and to point out to the German authorities that, as is well known to the German Government, the persons holding such identity papers had been recognized by the United States Government as eligible for exchange against civilian internees of German nationality and that, pending such exchange, it had been understood that they would be accorded the same treatment as the German Government would expect this Government to accord to civilian internees of German nationality. We also asked that the Swiss request information from the German Government concerning the present whereabouts of these holders of Salvadoran identity papers and assurances that

- 4 -

they will be held in civilian internment camps pending exchange, and that they urge the German Government to give instructions to appropriate German officials that in the future they are to respect the rights of all persons declared by the United States Government to be eligible for exchange. We suggested that, if the names of the Salvadoran document holders deported from Marianka are available, they be furnished to the Swiss.

Supplementing this action, we asked that the attention of the Swiss Political Department be drawn to the fact that Salvador has informed Switzerland of its recognition of documents of this kind, and that inquiry be made as to the possibility of Switzerland, as protective power for Salvador, protesting to Germany against the reported destructions of documents issued in the name of Salvador and the deportation of the holders.



J. W. Pohle
Executive Director

CABLE FROM WAR REFUGEE BOARD TO AMBASSADOR WINENT FOR MANN,
LONDON, ENGLAND.

Newspaper PM of January 4 under heading of Reuter article dated January 4, Headquarters 21st British Army Group, summarizes 12 page report issued by British army authorities describing the German prison camp at Bredeneck Libreendensk during the occupation of Belgium. According to the newspaper article the report is accompanied with a volume of photographs.

Please forward a copy of this report by air mail, together with photographs if possible.

This is WRB Cable No. 35.

11:00 a.m.
January 6, 1945

Miss Chauncey (for the Sec'y) Ackermann, Aksin, Cohn, Drury, DuBois,
Gaston, Hedel, Marks, McCormack, Pehle, Files.

MJMarkes:nlf 1-6-45

BAS-474
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arrangement. (SECRET W)

London

Dated January 6, 1945

Rec'd 10 p.m.

Secretary of State,

Washington.

218, January 6, 6 p.m.

FOR PEHLE FROM MANN

Please deliver paraphrase of the following message
to Mr. Moses R. Leavitt of the Joint Distribution
Committee from Joseph Schwarz.

For last quarter 1944 intergovernmental committee
has approved \$650,000 of which 50,000 is for northern
Italy and \$300,000 each for Rumania and Hungary. Have
also been discussing scope relief problems France and
Belgium and Sir Herbert ready recommend substantial
participation intergovernmental committee in relief
and rehabilitation projects as they concern stateless
and other persons within committee's mandate. Re-
commendations for France for first six month period will
include relief 50 million francs for entire period
child care 12 to 15 million francs constructive loan
5 million francs vocational training 5 million. Smaller
sums for Belgium but for same general purposes will be
recommended. Most of these funds will be spent through
our committees which will have to present accounts
showing amounts spent for groups within committee's
mandate these recommendations will cover six month
period which starts first of January.

WINANT

WMB

PERM
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January 6, 1945

4 p.m.

AMEMBASSY

PARIS

61

The cable below is through War Refugee Board.

Please deliver paraphrase of following message to
Abraham Alperin, Ecole CRT, 12 Rue des Saules, Paris, from
David Lvovitch of World CRT Union:

QUOTE Happy to know through your cable and delegates
two schools working. Please cable regarding fate Zadock
Kahn Leo Glaser Moses Kiveliovitch Doubossarsky Georg Shapiro
Klementinowsky also how many pupils remained Ortschools and
which Ortschools and agricultural farms working outside Paris.
Will it be possible to settle on land in France refugees and
unemployed. Will repatriation French refugees nonFrench
nationality be facilitated if Swiss CRT trains them and French
CRT provides industrial and agricultural facilities. Happy
to know that Leon Frenkel Joseph Blum Abraham Berland Bella
Bronstein Jacob Scheftel safe and well regards to all. UNQUOTE

STETTINIUS
(GLW)

STETTINIUS

WRB:GLW:KG
1/6/45

WE

RP-504

PLAIN

Lisbon

Dated January 6, 1945

Rec'd 11:28 p.m.

Secretary of State

Washington

33, Sixth

FOR LEAVITT FROM PILPEL

WRB 287, JDC 148

Reuben Resnik, Rome, advises Hicem arranged with various Delasen committees conduct location service and secure personal and emigration plan data from refugees. Resnik arranged with Delasen for forwarding this material through our office here. Our understanding all information secured whether pursuant Hicem's or our request proceeds central location index. View inevitable multiplication effort Italy Lisbon New York connection processing information please advise how we should proceed. For your information Hicem has guaranteed Delasen certain administration expenses this connection through June 1945 and arranging reimburse us New York or Italy for sums advanced this purpose.

HJF

HORWES

BAS-505

PLAIN

Lisbon

Dated January 6, 1945

Rec'd 11:43 p.m.

Secretary of State,
Washington.

35, Sixth.

FOR LEAVITT FROM PILPEL

WRB 288. JDC 148.

Resnik recommends emergency appropriation \$10,000
behalf 300 refugees Tirana Albania who require
immediate assistance according advice given Resnik
through AFHQ political adviser. Resnik forwarding
details earliest. Resnik advises \$6,000 spent to date
out of \$10,000 remitted for Yugoslavs and renewing
efforts evacuate portion this group.

NCRWEB

MSF

369

EMBASSY OF THE
UNITED STATES OF AMERICA

Lisbon, January 6, 1945.

No. 1319

SUBJECT: Removal of Refugees now in Portugal; Views of British Foreign Office and Intergovernmental Committee on Refugees at London.

Restricted

The Honorable
The Secretary of State,
Washington.

Sir:

In continuation of the Embassy's despatch no. 1071 of October 16, 1944, concerning the care of refugees now in Portugal, and advancing the suggestion that such refugees might be removed to the camp at Fedhala, in North Africa, I have the honor to report that the British Foreign Office has now informed the British Embassy in Lisbon that in London's opinion it would be best that the refugees now in Portugal remain here until it becomes necessary to remove them.

The decision of the British Foreign Office, which is understood to be shared by the Intergovernmental Committee on Refugees at London, was apparently partially predicated on the belief that the problem here might solve itself in time. The British Embassy is also informed that the camp at Fedhala has been closed, and the only other alternative, the refugee camp at Philippeville, with a capacity of only 300 persons, is now completely filled and unable to receive more people.

The British Embassy yesterday approached this mission with respect to a communication received through the British Foreign Office from the Intergovernmental Committee on Refugees proposing a survey of all refugees in Portugal and in Spain. Such a survey would indicate in each case the previous situation in Europe of the individual in question, his preference as to destination

cc: Miss Gentry (for the lady), Spain, Cuba, Italy, Greece,
Mexico, Brazil, Denmark, Norway, Sweden

- 2 -

outside of Portugal and the practical possibility of his being able, eventually, to arrive at the destination of his choice. It was anticipated that were the survey to be made, the facilities of relief organizations presently established in Portugal could be enlisted, as well as the facilities of the British and American missions here. A joint Anglo-American list of refugees could then be drawn up, checked for accuracy and, subsequent to a joint intelligence check, forwarded to the Department and to the Foreign Office for informational purposes.

A copy of the communication of the Intergovernmental Committee on Refugees addressed to the British Foreign Office proposing this survey has been seen by a member of my staff. The Intergovernmental Committee divides refugees in Portugal into two general categories. The first category consists of refugees who were legally admitted into France or Belgium, but who were not permitted to engage in gainful pursuits in those countries. The second category consists of refugees who not only had a legal residence in France or Belgium, but who also were permitted to work and were thus considered permanent members of the economic community. The Intergovernmental Committee believes that neither France nor Belgium will permit the return of refugees of the first category and that, in view of the past generosity of both countries in giving shelter and protection to refugees, this point should not be pressed. The second category would doubtless be permitted to return.

In discussing the matter of the survey with the British Embassy, the willingness of this mission to cooperate was expressed, with the understanding that no financial commitment could be entered into without prior consultation with the Department. In this respect, the Intergovernmental Committee has undertaken to contribute its share of any necessary financing in connection with the survey. It is not anticipated that the financial outlay would be at all unreasonable and the Embassy would appreciate the comments of the Department on the subject. It is thought that a survey of the kind proposed should prove extremely valuable in conjunction with any effort which may be made to dispose of the problem of refugees in Portugal.

Respectfully yours,
For the Ambassador:

Edward S. Crocker,
Counselor of Embassy.

ELR/iv

CABLE TO JOHNSON, STOCKHOLM, FOR THOMPSON FROM OLSEN, WAR REFUGEE BOARD

Reference your No. 35 of January 3, 1945 and your No. 5045 of December 9, 1944.

Consider it advisable to defer decision on proposed project until after Olsen returns to Stockholm, pending determination of availability of funds. Olsen leaving Washington about January 15.

THIS IS WRB STOCKHOLM CABLE NO. 285.

12:45 p.m.
January 6, 1945

Miss Chauncey (for the Sec'y) Ackermann, Aksin, Cohn, Drury, DuBois, Gaston, Hedel, Marks, McCormack, Pehle, Files

ICG:hd 1/6/45

CABLE FROM WAR REFUGEE BOARD TO HUDDLE AND MCCLELLAND, BERN,
SWITZERLAND.

Refer your 8497 of December 29, indicating that officials at the Marianka Camp tore up Salvadoran identity papers in the possession of Jewish internees there.

Please request the Swiss Government to protest the above action in the name of the United States Government. The Swiss should indicate to the German authorities, that as was well known to the German Government, the persons holding the above identity papers had been recognized by the United States Government as eligible for exchange against civilian internees of German nationality and that pending such exchange, it had been understood that they would be accorded the same treatment as the German Government would expect this Government to accord to civilian internees of German nationality. The Swiss should request information from the German Government concerning the present whereabouts of the above holders of Salvadoran identity papers and assurances that they will be held in civilian internment camps pending exchange. The Swiss should also request the German Government to give instructions to the appropriate German officials that in the future they are to respect the rights of all persons declared by the United States Government to be eligible for exchange.

If you have the names of the Salvadoran document holders deported from Marianka, you may furnish these names to the Swiss.

In addition to this step, please draw attention of Political Department to fact that Salvador has informed Switzerland of its resignation of documents of this kind (reference your 3871 of June 17, section 6) and inquire whether Switzerland, as protective power for Salvador, could not protest to Germany against reported destruction of documents and deportation of holders.

THIS IS WRB BERN CABLE NO. 355.

5:10 p.m.
January 6, 1945

Miss Chauncey (for the Sec'y) Ackermann, Akzin, Drury, DuBois, Gaston, Hedel, Marks, McCormack, Pehle, Files.

BA:FR:nlf 1-5-45

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arrangement. (SECRET W)

January 6, 1945

6 p.m.

AILEGATION

BERN

109

The cable below for McClelland is WRB no. 352.

Please deliver following message to Aron Syngalowski,
8 Malagnou, Geneva, from David Lvovitch of World ORF Union;
2 West 86th Street, New York:

QUOTE Please cable how many and which instructors
escaped to Switzerland from Nazi occupied countries or sur-
vived in France how many in training for liberated countries
also how many and which schools and cooperatives working in
liberated Poland Rumania Bulgaria. Would repatriation French
Belgian refugees be facilitated if ORF arranges industrial
agricultural facilities respectively in Belgium and France
regards. **UNQUOTE**

STETTINIUS
(GLW)

WRB:GLW:ED
1/6/45

BAS-492
Distribution of true
reading only by special
arrangement. (SECRET W)

Ankara

Dated January 6, 1945

Rec'd 8:11 p.m.

Secretary of State,

Washington.

29, January 6, 1 p.m.

FROM KATZKI TO PESHLE WRB ANKARA'S NO. 1.

I would appreciate information (Department's 1115,
November 30 WRB 132) regarding present status of
application for travel permits for me to proceed to
Rumania and Bulgaria.

STEINHARDT

WRB

ME-629
Distribution of true
reading only by special
arrangement. (SECRET W)

Ankara
Dated January 6, 1945
Rec'd 9:20 p.m., 7th

Secretary of State,
Washington.

31, January 6, 3 p.m.

FROM KATZKI TO PHLE WRB ANKARA 12

Authorization for admission into Turkey in transit having been granted by the Turk Foreign Office 360 persons including children repatriated from Transnistria, refugees from Hungary, Slovakia and Poland who had succeeded in escaping to Rumania and Rumanian nationals all proceeding to Palestine arrived in Istanbul by railroad on January 5. This group is the first contingent of the emigrants who had been detained at Starasagora and Svilingrad Bulgaria (see Embassy's 2402, December 22 Ankara's 205 and 2438 December 30 Ankara's 207) and has now been admitted to Turkey in the same manner as earlier immigrants under the general agreement prior to its termination by the British Embassy. This was accomplished as a result of Ambassador Steinhardt's insistence with the British Ambassador that in view of all of the circumstances all of the Starasagora detainees receive the benefit of the agreement even though terminated before their arrival at the Turk frontier. The remaining detainees are expected to arrive in Istanbul from Stalingrad within the next few days. After the necessary Palestine entry visas and transit visa reissued in Istanbul all of the emigrants will depart by railroad for Palestine.

For your information, according to reports received in Istanbul emigrants from Bulgaria must now secure permission to leave Bulgaria from the Allied Control Commission in Sofia.

In my opinion, under existing conditions the control which the British are now exercising over immigration to Palestine (see Embassy's 2376, 2402, 2438 Ankara's 205, 205A, 207) will result in the suspension of large group

emigration

-2- 31, January 6, 3 p.m. from Ankara

emigration from Rumania and Bulgaria through Istanbul such as has been taking place under the simplified procedure of the general agreement. Future emigration, I believe, will take place in regularized, normal manner on the basis of Palestine entry certificates issued in advance in Bucharest or Sofia and groups will be organized in the future only for convenience in preparing technical details and in traveling. However, this does not preclude rescue operations from other areas which might be initiated from Rumania or Bulgaria.

STEINHARDT

JM

GENERAL

GENERAL

Information received up to 10 a.m., 6th January, 1945.

GENERAL

1. MEDITERRANEAN. One of H.M. Cruisers now at Patras where situation reported threatening.

MILITARY

2. WESTERN FRONT. On 7th U.S. Army front enemy has crossed Rhine in battalion strength 12 miles north of Strasbourg while further north heavy fighting continues S.E. of Bitch.

On Southern Flank German salient enemy counter-attacking fiercely Bastogne area.

On Northern flank of salient slow but steady progress continues on wide front in very bad weather.

3. ITALY. 5 Canadian Armoured Division has made further progress against fierce opposition and leading infantry and tanks have occupied S. Alberto. Good progress continues to be made north of Faenza where U.K. and Canadian troops have greatly reduced German pocket E. of the Senio.

4. GREECE. Clearing of Athens and the Piraeus progressed very successfully against weakened resistance. Pockets of snipers however remain to be mopped up.

5. EASTERN FRONT. Russians report further gains in Budapest and capture of 2400 prisoners within the city. N.W. of Budapest strong relief attacks by enemy tanks and infantry have been repulsed.

AIR

6. WESTERN FRONT. Night 4th/5th. 1637 tons dropped Royan (Bordeaux). Weather clear and bombing concentrated. 6 aircraft missing.

Day 5th. 862 escorted U.S. heavy bombers attacked two airfields (206 tons), 10 railway centres (956 tons) and 9 communication centres and other targets (735 tons) in Cologne/Frankfurt/Saarbrücken area. Cloud over most targets. 47 aircraft missing, some may have landed Allied territory.

151 escorted Lancasters (2 missing) dropped 662 tons Ludwigshafen railway centre. Weather clear but attack scattered and intense flak. 308 medium bombers attacked communication targets central sector. 1389 fighters and fighter bombers (8 missing) operated all sectors.

7. MEDITERRANEAN FRONT. Day 4th. 428 escorted U.S. heavy bombers (5 missing) dropped 616 tons on 10 railway centres in Italy, including Brenzolo (136 tons) and Verona (410 tons). 1466 aircraft attacked successfully communications in Italy and bridges Yugoslavia.

WORLD SECURITY

ROCKETS. Day 5th. 3 incidents.

Night 5th/6th. Two incidents.

FLYING BOMBS. Night 5th/6th. Between 2215 and 2315 hours 12 plotted.

SECRET

SPISA No. 2

Information received up to 10 a.m., 7th January, 1945.

A.V.L.

1. WOMEN AIRERS. Day 5th. 1 midget U-boat seen to sink off Zeebrugge and 2 prisoners taken. Day 6th. One of H.M. Destroyers min. 1 off Zeebrugge and taken in tow.

MILITARY

2. WESTERN FRONT. Southern Sector. Attempted raids over Rhine in area Wetzl repulsed. N.E. of Selestat surprise attack won enemy possession of small village.

7th U.S. Army Front. No further enemy progress reported and Wingen, most southerly point enemy's penetration, recaptured. N. of Strasbourg enemy bridgehead of battalion strength reported under control.

Southern flank German salient. Enemy again attacked Bastogne and our troops have given ground slightly on eastern side of corridor.

Northern flank of salient. Allied troops have advanced on wide front capturing Odeigne and Lierneux, and are now within 500 yards most northern of enemy's two east/west routes.

3. ITALY. Canadian armour continues to make progress along S.E. shores of Valli di Comacchio.

4. GREECE. Rebel forces have withdrawn to north of Athens and Piraeus in direction of Eleusis with British infantry and armour on their heels.

5. EASTERN FRONT. Russians report continued fighting in Budapest area and 173 block houses occupied. N.W. of city Russian troops are repelling large infantry and tank attacks with heavy losses to enemy. Day 5th. Russians claim destruction 130 tanks, including 65 N.W. Budapest.

IN

6. WESTERN FRONT. Night 5th/6th. 996 aircraft despatched (83 missing): Hanover 665 (2350 tons); Houffalize 140 (425 tons); Berlin 69; Bomber support and other targets 123. Attack on Hanover was in two waves. First wave encountered enemy fighters and claim 2, 1, 2. Second wave found town well alight and achieved excellent concentration.

Day 6th. 769 U.S. heavy bombers (6 missing) dropped 1986 tons through cloud on communication centres and bridges between Cologne and Karlsruhe. 591 fighters (13 missing, but 6 believed safe) provided support. 14 enemy aircraft were destroyed on airfield Giebelstadt. Bad weather greatly restricted tactical operations and only 194 fighters and fighter bombers operated entire battle front.

7. MEDITERRANEAN. Day 5th. Adverse weather prevailed but 39 strategic bombers successfully attacked railway bridge 62 miles N. of Sarajevo. 33 Spitfires attacked E.A.S. troops evacuating Athens and destroyed 100 M.T.

WAVE SECURITY

Up to 7 a.m. 7th. Rockets. 5 incidents reported.
Cent 6th/7th. 6 incidents occurred.