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1
January 27, 1945
10:11 a.m.

HMJr: Hello.

Operator: Mr. Brown. Go ahead.

HMJr: Hello.

J. E.
Brown: Good morning, Mr. Secretary.

HMJr: Hello, Mr. Brown.

B: How are you, sir?

HMJr: Okay. Mr. Brown, I seem to be getting the same kind of poor service out of your office on cables that I used to. Now, I want to give you a case -- the point is I didn't want to write about it.

B: Yes. All right, sir.

HMJr: Somewhere along about the 15th or 16th I asked your office -- I spoke to the young lady there....

B: Uh huh.

HMJr: to get me word whether Mr. Churchill did or didn't speak about the Morgenthau plan.

B: Uh huh.

HMJr: She got her -- must have got the cable off the same night

B: Yeah.

HMJr: and got a return message on the 16th.

B: Uh huh.

HMJr: And then Mr. Grew mailed me a letter on the 25th, which I received on the morning of the 26th or ten days after that little cable came into your office.

B: Yeah.

HMJr: In other words, from the time you received it until the time I got it was ten days. It's a message in the clear.

B: Yes.

HMJr: There was no decoding problem.

B: Yeah. Yeah.

HMJr: There's no reason why a message like that shouldn't come over the same day.

B: Yeah. No, that's true. Is that in this month?

HMJr: You look up -- Mr. Grew wrote me a letter on the 25th.

B: Yes, that's day before yesterday.

HMJr: Yeah. Sending -- forwarding me a cable which, I believe, you received on the 16th.

B: Uh huh.

HMJr: In the clear.

B: Yes.

HMJr: And so from the time you received it until the time I got it: ten days.

B: Yeah.

HMJr: Now, this doesn't happen to be an important one.

B: No.

HMJr: Well, it could be.

B: Yes, any case should be

HMJr: And couldn't you

B: reported like that, Mr. Secretary.

HMJr: set up somebody, like Yost or whoever it is, when a cable comes affecting me, that I could get it the same day?

B: Uh huh. I'll take that up, Mr. Secretary. There've been some little shifts in the system here and we're not quite handling the same things in quite the same offices.

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HMJr: Well, whatever

B: But I'll check on that....

HMJr: If there's something

B: Mr. Secretary, and try to pass that word on so that these things

HMJr: Will you mention

B: don't occur.

HMJr: Yeah. Will you mention it to Mr. Grew, please?

B: Yeah, I'll be very glad to.

HMJr: I'm just doing it so that when something important went out

B: If we can't count on friends like you, Mr. Secretary, to let us know about these things which -- often they happen without anybody knowing about it.

HMJr: Well, I didn't want to make it in writing because I knew if I told you, you'd clear it up.

B: Yeah. I'll -- I'll check over that, Mr. Secretary. Thank you very much for letting us know about it.

HMJr: Thank you.

B: And I'll tell Mr. Grew about ~~it~~.

HMJr: Thank you.

4
January 27, 1945
12:05 p.m.

RE: MONTGOMERY WARD

Present: Mr. O'Connell
Mr. Luxford
Mr. DuBois
Mr. Tietjens

H.M.JR: Tell me about Montgomery Ward.

MR. O'CONNELL: We haven't a full copy of his decision, but what he held was in the first place there was an act by the Government for an injunction against Montgomery Ward officials to stop them from interfering with our taking over and in the second place for declaratory judgment holding that we were empowered to do what we did. Sullivan held against us on both counts. He held he would not issue an injunction or declaratory judgment along the lines we have asked, and he has held that the Government was without authority to seize Montgomery Ward.

MR. LUXFORD: In St. Paul?

H.M.JR: Chicago.

MR. O'CONNELL: Chicago. The Federal Court case which the Department of Justice instituted.

MR. LUXFORD: Sullivan is from St. Paul.

MR. O'CONNELL: There isn't much more to it than that. The effect of it is nil, as of today. I mean by that, that it will undoubtedly be appealed, and the Government, as I see it, will continue in the possession of Montgomery Ward until the case is finally disposed of, because he has issued no order. He could not issue anything in the framework of the suit that was brought, other than to say in his judgment the Government was without authority to do what they did.

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H.M.JR: Let me give you a little lead. This is very confidential. The Army is taking the position that if this kind of a decision was handed down, which is unfavorable to the Government, they would withdraw. They had no right. Now, wait a minute! That is a combined opinion from Stimson down, and that they were there without any legal right. The Attorney General and Vinson are taking the position that they have to stay, and the Army says to the Attorney General, "All right, you give an opinion, and publish it publicly, saying that it is your opinion that we should stay," which so far he has refused to do. Now, wait a minute! The reason I asked you people to sort of study it is there may be a chance that Stimson may ask me to call a Cabinet Meeting, because there is a complete split, and I wanted a little background so if I am sent there, I would know a little bit about this, but the Army, right from Stimson down, say they are going to withdraw.

MR. O'CONNELL: Unless the Attorney General gives them an opinion publicly.

H.M.JR: Which I think they are entitled to.

MR. O'CONNELL: I don't see why the Attorney General wouldn't give an opinion. All he has to do is assert the position he took in the Federal Court, that he is going to appeal.

H.M.JR: The Army's standpoint, listening to them last night, I must say, if the Court says they have no legal right to go on the premises, what right have they got to stay on the premises?

MR. O'CONNELL: When you say the Court, I think that a pretty good argument could be made that under our judicial procedure the ruling of the Federal District Court in Milwaukee isn't one that should persuade the President, and the United States, and the Executive Branch, that they are going to move out of Montgomery Ward. There is a regular procedure for taking an appeal in the case, and we have a right to wait for the Circuit Court of Appeals and the Supreme Court to affirm or reverse that decision.

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H.M.JR: The Army is not taking that view. I think they have a right to ask for an opinion.

MR. O'CONNELL: I don't see why the Attorney General wouldn't do it, because all he has to do is say, "We are appealing to the Circuit Court of Appeals." All he has to do is take out a couple of paragraphs from the brief in the case. He has already taken a public position.

H.M.JR: This is only for private consumption, what Patterson said. It was very private. He said, "Why don't we run the War Department the way Morgenthau runs the Treasury? He doesn't run over every five minutes to ask Biddle how to run his shop."

MR. LUXFORD: Biddle was telling me we ought to ask him for opinions.

H.M.JR: He said, "Morgenthau gets along without running over there every five minutes asking what to do."

MR. O'CONNELL: Who said that?

H.M.JR: Patterson. You can imagine where I got it from. He said it privately. He said, "Every five minutes we run over. Morgenthau doesn't do it, and he gets along all right."

MR. LUXFORD: That came up the other day. Someone in the Attorney General's office said, "If you were going to ask us for an opinion, we would fix it so you couldn't do that." The other fellow said, "We are not asking you for an opinion."

H.M.JR: Joe, you can't ask around, because it may never come up, but I thought if it did--

MR. O'CONNELL: Through Secret Service we are getting teletypes of complete decisions.

H.M.JR: Kind of watch it, because there may be a

complete split, you see, between the Attorney General and Vinson on the one hand, and the War Department on the other, and they may ask. If I have to go into this thing, I would like to know something about it.

MR. LUXFORD: To give you an illustration of what Joe is talking about, a lower Court decision is not determined a final issue. When you first called in the gold coin, there were lower Court decisions saying that was illegal, but we didn't stop calling in gold coins. We waited until the arbitrary decision was rendered by the Supreme Court. They have backed you up. If every time we got a lower Court decision you would have to stop--

MR. O'CONNELL: The Army thing has been true along that line. People in the War Department and people in Patterson's office have the general attitude that they didn't have anything to do with the Montgomery Ward case. They thought they should leave it alone to fight the war. This was a headache and something they didn't want, and that in part explains their desire to get out of it if they can, and to require the people that are making them continue to make as much of a record to protect the War Department as possible. But if it would satisfy them to get the Attorney General to say again what he has been insisting all along, the Attorney General ought to say it.

MR. LUXFORD: They have a right to ask the Attorney General for an opinion as to whether or not it is legal for them to remain in there.

MR. O'CONNELL: I am sure it is.

H.M.JR: Would you say on other cases you get down in a lower Court, you maintain your position until the Supreme Court acts on it?

MR. LUXFORD: Sure, but the thing is this, Mr. Secretary. You would have a right when something like this happened to ask the Attorney General to advise you whether it was legal for you to remain in there, because he is the Chief Officer, if you were sure he would give you the right answer.

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H.M.JR: Well, I just wanted to tell you what was behind it. I want to talk about Bretton Woods to you two fellows. Have you anything else?

MR. O'CONNELL: I think I can get along. I had a Foreign Funds case; I thought the Attorney General might call you today in connection with it, but I think he is probably absorbed with other things, including Montgomery Ward.

3

Meeting in Mr. Clayton's Office
State Department
January 27, 1945
12:30 p.m.

Present: Mr. Clayton
Mr. Cox
Mr. White

The various approaches that might be employed to implement the Treasury proposal to have the French use some of their own funds first were canvassed. The State Department preferred not to make such use a condition of lend-lease arrangement and in any case not to have to state to the French what their dollar position would have to be before they could get lend-lease aid. I maintained the view that it was necessary for us to agree among ourselves what we were shooting at in the way of dollar balances before we could effectively discuss the kind of program that would best attain that objective.

In estimating the assets and liabilities of the French, Cox said that French North Africa will owe F.E.A. at least another \$50 million by the end of the year and that the amount of unconsumed consumers' goods which the French would have to pay for at the cessation of European hostilities would total from \$100 to \$200 million. He said it was his opinion that France could contribute so little to the Pacific war that the lend-lease to France would stop with the end of the German war. Clayton agreed to that point. France would have also to pay between \$100 and \$200 million for the military relief supplies which she will have received. Cox thought we ought to act on the assumption that hostilities wouldn't end until June 1946 which was the end date on which the Lend-Lease Act had to be renewed.

I expressed the view that the war couldn't possibly last that long in Europe and if we wished to be very conservative in our programming we could assume the war would last until the end of this year.

Cox said that if the French could use 1/2 billion dollars of their own money during the year, that would be the most we could expect of them. I thought \$1 billion might be more appropriate. We agreed to proceed on the discussion of the method having in mind that the decline in French holdings might be \$500 million, as they would like, or \$1 billion as I thought would be more appropriate. After some more discussion, I agreed to submit for consideration in the Treasury the figure of \$50 millions a month of net reduction during the remainder of the year.

Division of Monetary
Research

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Clayton took the position that any reduction of the French dollar gold holdings would result in a loss of confidence in the French currency system which would be a very unfortunate matter. I agreed that the French would make much of the fact that they needed that gold for the basis of their monetary system, but I took the position that we would not feel justified in extending them lend-lease assistance of consumers' goods so long as their balances remain as high as they are.

I said that I didn't see how it was possible in the next several months, which in my opinion was all the war was going to last, for France to spend much more than \$50 million a month in the United States.

Cox submitted a memorandum which he thought could be the basis of a document to be handed to Monnet. I said we would have to know the magnitudes of the dollar values of each of the various categories before we could evaluate his proposed approach intelligently. Cox replied that Glasser had the figures which fitted into these categories. I said that we would compare the memorandum with the figures we had in the Treasury. Cox suggested getting together again on Monday or Tuesday. I assented.

H. D. White

January 27, 1945
12:30 p.m.

11

HMJr: Yes.

Dr. A. J. Heinicke: This is Mr. Heinicke speaking, Mr. Morgenthau.

HMJr: How are you?

H: Pretty badly snowbound up in this part of the country.

HMJr: Oh! That's too bad. How much snow have you got?

H: Why I guess they've had a total of over a hundred inches here, but we were supposed to get in last night at eight o'clock and got in at half-past three this morning.

HMJr: Uh uh.

H: Out of the Hudson Valley.

HMJr: From where?

H: Out of the meeting at Kingston.

HMJr: Oh.

H: We just had the horticultural meeting over there.

HMJr: Oh, yes. Dr. Heinicke, I'm going to be on the farm the week-end of the 11th of February.

H: February 11th.

HMJr: And I -- Saturday and Sunday

H: Oh, yes.

HMJr: And I wondered if there was any chance to get you to come down and spend the day with me.

H: Why I think that could be arranged very nicely, Mr. Morgenthau.

HMJr: Would you, when you get back to Ithaca, will you look over your calendar?

H: Yes, I -- I know I've got a meeting in New York on the 14th but that's the only one that I know of.

HMJr: Yes.

H: And

HMJr: You might want to come down, then, maybe on Sunday and then go on to New York or something like that.

H: Yes. Well, that would be fine.

HMJr: What?

HMJr: I could easily arrange it, I'm quite sure.

HMJr: Well, if you would send me a telegram when you get back.

H: I'll do that, Mr. Morgenthau.

HMJr: There are a number of plans I want to make for the Spring.

H: Yes.

HMJr: I'd like to go over the thing with you.

H: Well, I'll be very glad to get down there. I probably won't get back over to Geneva. The buses aren't running here at all.

HMJr: Well

H: And the trains -- they can't get any engines for them.

HMJr: For heavens sakes. How many feet are there on the ground?

H: Why it's -- just on the level, I should say, it averages about two feet, but drifts and the banks are up ten and twelve feet high.

HMJr: I see. Well, when you get back, I think -- let me see -- I think it's February -- yeah, Saturday is the tenth -- Sunday is the eleventh. One day or the other.

H: Yes. Well, I'll -- I'll let you know definitely, Mr. Morgenthau.

HMJr: Thank you.

H: Thank you for calling. Good bye.

January 27, 1945
12:35 p.m.

13

HMJr: Hello.

Operator: Judge Rosenman is not in his office. She said she may be able to get him before lunch, but she is not sure.

HMJr: Is it his secretary?

Operator: I'll see. Miss Gilligan, his secretary.

HMJr: Hello.

Kitty Gilligan: Yes, sir. Hello, Mr. Secretary.

HMJr: Hello, Miss Gilligan.

G: How are you today?

HMJr: Oh, fine. How are you?

G: Oh, just fine.

HMJr: Miss Gilligan, a little birdie tells me that this war crime memorandum that went from Judge Rosenman to State, War, Navy and all those places. It was all signed by all of them, you know. We worked with the Judge on it sort of behind the scenes. Hello?

G: Oh, yes. Yes.

HMJr: Mr. DuBois went up to the house to see him when he had a cold.

G: Uh huh.

HMJr: Hello?

G: Yes, that's right.

HMJr: And tell the Judge that we'd like awfully to see the finished document over here and we'll keep it in strictest confidence.

G: Memo -- okay, fine.

HMJr: The copy of the thing that was signed by Stimson and Stettinius.

G: That was actually signed. Yeah, fine.
All right, I'll have him call you, Mr.
Secretary.

HMJr: What?

G: I'll have him give you a ring.

HMJr: Yes.

G: Okay. Fine.

HMJr: Will you do that?

G: Yes, I'll be glad to.

HMJr: Just tell him to remember I haven't yet given
him a Treasury man to go with it.

G: (Laughs) Okay.

HMJr: All right.

G: All right. Fine.

HMJr: Thank you.

G: Bye.

Pages 15 and 16
given to Mrs. McHugh
June 8, 1945. Not returned.

Conference in HMJr's office; present: HMJr, Grew,
Acheson, Harold Smith, White, and O'Connell,
January 27, 1945

15 & 16

to Mrs McHugh
6/8/45

MEMORANDUM

January 27, 1945.

On January 27 a meeting on the Bretton Woods legislation was held in the office of Mr. Beaman, Legislative Counsel for the House of Representatives. In addition to Mr. Beaman there were present Mr. Perley, Assistant Legislative Counsel of the House, Mr. Murphy of the office of the Legislative Counsel of the Senate, Messrs. Luxford and Brenner of the Treasury Department and Mr. Miller of the State Department.

The drafts of provisions recommended by the Treasury and State Departments were presented to the Congressional attorneys and Mr. Luxford pointed out to them the differences in the two drafts. He indicated that the principal difference of opinion related to the manner in which Congress was to approve the Bretton Woods Agreements. The Treasury draft specifically provides that Congress authorizes the President to sign the Agreements. The State Department draft does not have such a provision, but merely states that it is the policy of Congress that the United States participate in the Fund and the Bank.

The advantages and disadvantages of the two approaches were discussed for some time and it was concluded by Messrs. Beaman, Perley and Murphy that they were not in a position to make a recommendation to Congressman Spence or Senator Wagner as to which approach was preferable. They believe that the question is one of legislative strategy and that it should be decided by leaders in both houses of Congress. They pointed out that the matter is of particular interest to the Senate, although the House, too, will be interested, and suggested that administration representatives discuss the matter with Senator Wagner and such other Senators as he might select. They also suggested that when the views of the Senate leaders are known it would be well to discuss the matter with Speaker Rayburn and other leaders of the House.

There was also some discussion as to whether it would be best to specifically legislate for the privileges and immunities of the Fund and the Bank, or merely to incorporate the provisions of the Agreements by reference. It was agreed by all present

that there was no substantial difference of opinion on this question, that the matter was primarily one of draftsmanship, and that it could be more easily resolved than the question of general approach discussed above. Mr. Luxford pointed out that incorporation by reference would avoid the possibility of overemphasizing the privileges and immunities provisions which are really insignificant when compared with the subject of the Agreements.

It was pointed out to the Congressional attorneys that there is no real difference of opinion between the State and Treasury Departments on the question of modifying the Johnson Act. The Treasury draft modifies it only to the extent necessary for effective operation of the Fund and the Bank. The State Department has proposed a complete repeal of the Johnson Act. Mr. Luxford stated that the Treasury would have no objection whatever to the adoption of the State Department's view and had suggested the alternative merely to show what was the minimum amount of modification necessary. He also pointed out that partial repeal would encourage other countries to remain members of the Fund and the Bank.

It was agreed that the views of the Legislative Counsel would be communicated to the Treasury Department and the State Department for their consideration and such action as they consider appropriate. In the meantime the Legislative Counsel will study the provisions of the two drafts and they expect to be prepared shortly to make recommendations on the other points to Congressman Spence and Senator Wagner.

GR

LABOR - USA

CIO - USA #3 POST-WAR WORLD TRADE

6:45 - 7:00 PM EWT January 27, 1945

SATURDAY

ANNOUNCER: Labor --- USA!

GABEL: This Saturday --- the CIO --- USA!

MUSIC: SIGNATURE UP & MARCH & CARRY UNDER FOR:

ANNOUNCER: The Blue Network and its affiliated stations broadcast "Labor --- USA". This Saturday the CIO is your host for another in the series of programs bringing you news of organized labor. The Blue Network feel that what organized labor has to say is important for all of us, and therefore is donating its facilities for this series throughout the year ... first to the CIO ... later on to the AF of L.

MUSIC: THEME UP TO FINISH.

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ANNOUNCER: And here now is Martin Gabel, speaking
for CIO --- USA.

GABEL: Good evening, ladies and gentlemen.
Very soon now, maybe next week, the Congress
will be asked to ratify and make law an
agreement of resounding importance to
everybody in this country ... an agreement
which carries a long name: "The United
Nations Monetary and Financial Conference" ...
what most people call "The Bretton Woods
' Agreement". When I say that this is
important to us all, that's a pretty
sweeping statement. Let's see.

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Well, it's of primary importance to bankers, businessmen generally, manufacturers, exporters, importers; also to working men and women --- for example, the CIO has estimated that the Bretton Woods Agreement will mean five million post-war jobs; and then too, it's of secondary importance to everybody who wants to live in a world at peace. That include everybody?

A VOICE: Well ...

GABEL: Well? (PAUSE) Yes, I think that includes everybody in this country. Well, now: anything that important, we should talk about, learn more about.

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That's what we propose to do during the next few minutes. Before we're through, we're going to take you to Washington, to hear from the Secretary of the Treasury, the Honorable Henry Morgenthau, Jr., who wants to tell you about the agreement from his standpoint.

First: Let's explain it, if we can.

It's got two parts. Number One:

A VOICE: The Bank for International Reconstruction and Development.

GABEL: And Number Two:

A VOICE: The International Monetary Fund.

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GABEL: Let's take the Fund first. In order to explain it, we'll need a little cast of actors. There's Joe Worker ...

JOE: I'll play that part.

GABEL: And Mr. Manufacturer ...

MANUFACTURER: I'll play that part. What do I manufacture?

GABEL: Widgets. You manufacture, for the purposes of this little play, widgets. Next we'll need Mr. J. P. Banker ...

J.P.: I'll play that part.

GABEL: Good. Finally, and very important, we have Gaston Frenchman.

GASTON: (NO ACCENT) I'll play Gaston.

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GABEL: You'll notice that the actor taking the part of Gaston Frenchman is not using a French accent. That's because the way the Bretton Woods Agreement works, every country in the world will be speaking the same language for once. All right? Everybody ready? Music, please ...

MUSIC: A THEATRICAL CUE: OVERTURE: SLIGHTLY SATIRICAL. SORT OF "HEARTS & FLOWERS". REGISTER & CARRY DOWN & OUT UNDER:

GABEL: First Act: The old way, the way we used to do it before the war:

MANUFACTURER: I, the manufacturer will make widgets as fast as I can, if there is a market for me to sell them at a reasonable profit.

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GASTON: Uh, Mr. Manufacturer, I, Gaston Frenchman, am extremely anxious to buy several thousand gross of your widgets for re-sale in my country.

MANUFACTURER: Fine, fine. We'll go into production right away.

SOUND: SOME INDUSTRIAL EFFECTS. REGISTER AND CARRY UNDER FOR...

GABEL: A good legitimate business deal. As far as Joe Worker is concerned:

JOE: A steady job, good paycheck, coming in every week, security.

GABEL: All happy.

SOUND: THE INDUSTRIAL EFFECTS SLOW DOWN APPRECIABLY.

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GABEL: Aha! But what's this? Problems!

The banker approaches....

J.P.: It's a question of currency. There seems to be some feeling in this country that the, uh, government in France....

GABEL: What's the trouble?

J.P.: A certain instability in the currency. As we bankers say, the franc is slipping.

GABEL: Oh. The franc is slipping. Which means....?

J.P.: It means that instead of the exchange being twenty francs to the dollar, there are now twenty-five francs to the dollar.

GASTON: Hey!

GABEL: That you, Gaston? What's the matter?

- 9 -

GASTON: That means widgets are costing me too much!

I won't buy!

MANUFACTURER: Won't buy, eh? But if I cut my price per widget down?

GASTON: Oh, well, in that case....

MANUFACTURER: I'll cut my price per widget down all right.

Let's see now. I guess we can shave wages... just a leetle....

JOE: Hey!

GABEL: That's Joe Worker. What happened, Joe?

JOE: The boss is trying to nick five bucks out of my paycheck!

GABEL: Tsk, tsk, tsk.

JOE: The union will stop him, though....

- 10 -

GABEL: That right, Mr. Manufacturer?

MANUFACTURER: Mmmm. Maybe. Well, I guess I'll just have to...

SOUND: OF INDUSTRIAL EFFECTS OUT ALTOGETHER

GABEL: What?

MANUFACTURER: Stop exporting altogether. After all, I've
got to have a reasonable profit. I guess
this means no more widgets.

JOE: Hey!

GABEL: What's up now, Joe?

JOE: No job!

MUSIC: IN FOR A SATIRICALLY MOURNFUL BRIDGE. WE
CAN AFFORD TO BE SATIRICAL BECAUSE:

- 11 -

GABEL: Well, well. That's a sad story. Fortunately, it's an old-time story. Now we will show you how it will work, once Congress has approved the Bretton Woods Agreement. Same cast, same actors, but one new actor:

WORLD BANKER: The representative of the International Monetary Fund.

GABEL: That's the official who will work out details of the Bretton Woods Agreement. All right? Are we ready? This is the post-war version of the same story:

MANUFACTURER: I, the manufacturer, will make widgets as fast as I can, at a reasonable profit.
Who would like to buy?

- 12 -

GASTON: I, Gaston Frenchman, am delighted to buy
some of your widgets.

MANUFACTURER: Fine. Production starts right away.

SOUND: INDUSTRIAL EFFECTS ROLL MERRILY ALONG.

GABEL: All happy, including Joe Worker. Enter the
Banker again.

J.P.: Uh-oh. Same problem again. A little
instability in the currency. I'm afraid...

SOUND: THE INDUSTRIAL EFFECTS SLOW DOWN APPRECIABLY.

GABEL: It may be the same problem, but there's a
solution. Here comes our new actor.

WORLD BANKER: A little instability in the currency? French
franc slipping, is it? Ah, well, these things
will sometimes happen, even in the
best-regulated.....Here.

- 13 -

GABEL: What're you doing?

WORLD BANKER: Selling France enough currency from the
International Monetary Stabilization Fund
to save her franc from slipping until the
franc picks up again.

SOUND: THE INDUSTRIAL EFFECTS PICK UP AGAIN.

GABEL: Seems to have done the trick all right....

WORLD BANKER: Sure.

GABEL: Okay, Gaston?

GASTON: Why not? The price of widgets has remained
the same...

GABEL: Joe?

JOE: Sure. Still got my job. Still got my paycheck.

GABEL: And Mr. Manufacturer?

- 14 -

MANUFACTURER: All clear here. Still making my reasonable profit.

GABEL: Everybody happy?

ALL: AD LIB: SURE, OKAY, ETCETERA.

MUSIC: UP FOR A GAY AND TRIUMPHANT BRIDGE.

GABEL: And that, a little oversimplified, is why the International Monetary Fund of the Bretton Woods Agreement is a good thing. We told you there was another part to the Agreement:

VOICE: The Bank for International Reconstruction and Development.

GABEL: Yes. For this one we have a different cast of actors. Music again, please.

Overture....

- 15 -

MUSIC: AGAIN AN OVERTURE, SATIRICAL IN A GENTLE WAY.

GABEL: This is once more an old-time story. First we'll show you how it was, then we'll show you how it can be. Once upon a time, there were three countries.

X:(A WOMAN) Country X...

Y: Country Y...

Z: And Country Z...

GABEL: Country X was a nice little country, but very little indeed. In order to get along at all, she had to trade with other countries. But she didn't have much to sell, and she couldn't get much for what she did sell. What she really needed was equipment for producing more. Could she borrow the money?

- 16 -

COUNTRY Y: (THE VILLAIN) Don't borrow from Country Z.

Why borrow at all? Trade with me, dear little country. Trade with me, and all will be well. What have you to sell to me?

COUNTRY X: I have raw materials, and that is all, alas, for I have no industry.

COUNTRY Y: (RUBBING HIS HANDS) What could be better? You have the raw materials -- I have the factories. I will pay you well. We will get along together famously. Sign here, please.

COUNTRY Z: Just a moment! Be careful, little Country X! Do not deal with this villainous Country Y! All you will get will be tears and unhappiness! Deal with me, instead!

- 17 -

COUNTRY X: But I don't understand why I shouldn't deal with Country Y! I need equipment, machinery. Country Y will give me a good price for my products and I can buy these things from her. I can't buy machines and trucks and electrical equipment from you unless I get the money. Generally, I can't borrow, and when some one does offer a loan, the rate is too high.

COUNTRY Y: Well spoken, my dear. Sign here. =

COUNTRY X: There, now here are my raw materials. Pay me, please.

COUNTRY Y: Uh, yes. Just so. Pay you. I'll tell you what. I'll pay you in aspirin tablets and harmonicas. How's that? Fair exchange -- no robbery --

COUNTRY X: I want machinery and equipment or cash on the barrelhead.

COUNTRY Y: (GETTING TOUGH) Machinery and equipment? I need that for plans of my own. I'll pay you in blocked marks.

COUNTRY X: Blocked marks? What are blocked marks?

COUNTRY Y: They're money, of course...

COUNTRY X: Good! What I wanted.

COUNTRY Y: ... except, of course, that they must stay inside my borders, and you can use them to buy either aspirin tablets or harmonicas. Remember, you signed the contract. Oh, yes, and by the way, I can't say I like your prime minister. Get rid of him. Kick the rest of the cabinet out too, while you're at it.

COUNTRY Y
(Cont'd):

They've been doing entirely too much
talking about non-aggression.

COUNTRY X:

Now, just a minute....I'll call my friend,
Country Z!

COUNTRY Y:

Country Z? Oh, yes. Now that I've got
your raw materials, I was thinking about
him. I think I'll just go across that ocean
and pick a fight with him.

MUSIC:

A BRIDGE. DOWN FOR:

GABEL:

And so, as we know, they had a fight.
Fortunately, Country Z is winning. Country
Y, of course: that's Germany, or it might be
Japan. Yes, that was the way it used to work.
Now, when the Congress approves the Bretton
Woods Agreement, it'll go more like this:

- 20 -

VOICE: Still the same three countries:

X: Country X...

Y: Country Y...

Z: And Country Z.

GABEL: And Country X is still a little country,
no industries of her own. Only now, when
she says:

COUNTRY X: I must trade with other countries. I haven't
enough to buy the goods I need. If only I
could produce more I could buy more.
But I have no machinery and equipment.

GABEL: Now, she gets this answer, from the Bank
of International Reconstruction and
Development:

- 21 -

WORLD BANKERS: We'll give you a loan. Guaranteed.

COUNTRY X: A loan?

WORLD BANKER: Yes, reasonable rates. And you can buy your machinery and equipment in Country Y or any other country. Produce more, buy more, sell more, and repay the loan. Why be poor and dependent?

COUNTRY X: Why indeed?

WORLD BANKER: No countries dependent, from now on. No countries entirely independent, either. All countries interdependent. Makes more sense.

COUNTRY X: But where's the money coming from?

WORLD BANKER: United Nations Bank. Every other country in the United Nations is lending it to you.

COUNTRY X: Aren't they scared that I'll get in competition with them?

- 22 -

WORLD BANKER: The more industry you have, the more well-paid workers you have. The more well-paid workers you have, the better market your country is for goods from other countries. The more goods other countries sell you, the more well-paid workers they have. The more well-paid workers they have, the better are your markets for selling what you're going to produce, when you build the factories and the industries you're going to build with this loan. Okay?

COUNTRY X: Okay!

MUSIC: GAY AND TRIUMPHANT. DOWN FOR:

GABEL: Not bad, is it? And so they lived happily ever after, all the countries, interdependently.

GABEL (Cont'd) Again, of course we have oversimplified the picture, but that, after a fashion, is how the other half of the Bretton Woods Agreement will work... an Agreement that spells security, prosperity, and world peace. And that's why it's an Agreement of resounding importance to you, and to everybody else in this country. The man who more than any other is the father of the Bretton Woods Agreement is in his office now, in the United States Treasury Building, waiting at a Blue Network microphone to speak to you. I have the honor to introduce The Honorable Henry Morgenthau, Jr., Secretary of the Treasury. Mr. Morgenthau.

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1/27/45

○ Reading copy of Secretary for the
CIO broadcast.

The CIO needs no reminder that the welfare of American labor is tied to the welfare of America as a whole. It demonstrated its knowledge of this fact last fall by taking part actively - and, (I may say, fairly effectively) - in the political life of the Nation. It did so, because it understood, as Sidney Hillman put it, that "The activity of such groups in shaping the course of their government is essential to the functioning of our democracy."

The discussion of the Bretton Woods proposals which has taken place on this program, indicates that organized labor understands also that it must play a responsible part in the shaping of international affairs. It has a vital stake in the peace, no less than in the war.

- 2 -

It is too often assumed that international affairs are beyond the grasp of the ordinary citizen - that they must be left to the diplomats in the political field and to the bankers in the economic field. If they are left entirely in such hands, the chances are that they will be shaped no better than in the past. Your hands must share in the shaping.

Pause There is nothing remote about the Bretton Woods proposals. They involve your bread and butter. They are an essential part of the President's program for the attainment of 60 million jobs, here, in the United States. We cannot reach such a level of employment at home, unless there is a lifting of living standards abroad, and a revival of international trade.

- 3 -

Pause

The International Monetary Fund is simply a device to make it possible for workers in all parts of the world to exchange the goods they produce on a stable basis and in an orderly way. It would free the flow of commerce from artificial currency barriers. It would substitute economic cooperation for economic warfare among the nations of the earth.

The International Bank, on the other hand, is intended to give economic help to the people of war-torn lands. Only with such help will they be able to buy what we produce. The only good customers are prosperous customers.

170
100

- 4 -

And what is even more important is this: The only
kind of world in which enduring peace can be assured
is a prosperous world - a world in which people
everywhere have an opportunity to fulfill their reasonable
hopes, through honest work and free interchange of the
things they grow and make. The agreement reached by
the United Nations at Bretton Woods is one of the
cornerstones of such a world.

- 24 -

GABEL: Thank you, Mr. Morgenthau.

MUSIC; SIGNATURE VERY BRIEFLY AND UNDER FOR...

GABEL: Ladies and Gentlemen, you have been listening to another in the series of programs presented by the CIO, with the cooperation of the Blue Network and its affiliated stations. This is Martin Gabel, sending you best wishes from CIO---USA, and asking you to be sure and listen at this time next week, when we will present a special program from London, featuring the principal delegates to the World Labor Congress which is about to convene there.

MUSIC: SIGNATURE UP TO CLOSE.

ANNOUNCER: NETWORK SIGN-OFF.

January 27, 1945.

Secretary Morgenthau

Mr. White

The dinner to be given under the auspices of the National Council of American Soviet Friendship will be held at the Waldorf-Astoria Hotel on February 23rd and is in celebration of Red Army Day.

They would like you to be the chief speaker of the evening. I was informed by Mr. Smith that they have asked Sam Rayburn, but I don't know whether he has accepted. There will also be present at the guest table one of the important American generals, a British general and a Russian general. I tried to get more details this afternoon but was unable to reach Mr. Smith. I will call him Monday morning.

They are leaving the subject for you to speak on to be determined wholly by yourself, but hope it will have some bearing on Soviet-American relationships.

1/27/45

✓ 19

January 27, 1945.

Dear Mr. Stern:

I wired you today my hope to see you on Monday and no doubt I shall have seen you before this letter gets into your hands.

Still I want to express my appreciation of the news story of Pepper's defense of me in the Senate and the excellent editorial in Thursday's Record.

One of the considerations that has prevented my making any very effective reply or comment on the newspaper attacks is the danger of seeming to repudiate my belief that stern economic measures must be taken to prevent Germany from making war again. I am determined not to fall into the trap being set by those who want to rebuild German heavy industry because they desire a "bulwark against Bolshevism," or because they were doing very well for themselves in a cartel system that included the Germans and would like to revive the same system after the war. I would be doing that if I put out any statement watering down my views about the right kind of a peace settlement.

It is a peace that will last that is my first interest--not merely justifying myself.

Reflection on this may enable you to understand my silence better.

With hearty thanks and good wishes,

Sincerely,

(Signed) H. Morgenthau, Jr.

Mr. J. David Stern
Philadelphia Record
Philadelphia, Pennsylvania

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STANDARD FORM NO. 14 A
APPROVED BY THE PRESIDENT
MARCH 10, 1926

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

Mr. J. David Stern,
Philadelphia Record,
Philadelphia, Pennsylvania

If you will be in Washington Monday, January 29th, I will be
delighted to see you at three o'clock p.m.

Henry Morgenthau Jr

50
TREASURY DEPARTMENT

WASHINGTON

CHARGE TREASURY DEPARTMENT, APPROPRIATION FOR

Official

(The appropriation from which payable must be stated on above line)

U. S. GOVERNMENT PRINTING OFFICE

2-14117

January 27, 1945

Hance

J. DAVID STERN

PHILADELPHIA RECORD, PHILADELPHIA
EVENING COURIER, CAMDEN, N.J.
MORNING POST, CAMDEN, N.J.

Philadelphia 1, January 24, 1945

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

Dear Mr. Secretary:

I was delighted that Senator Pepper properly denounced the canard against you. I enclose tearsheet of the story which appeared in today's Record together with the editorial which will appear in tomorrow's (Thursday, January 25th) issue. *(not attached)*

I bow to the superior judgment of yourself and your White House associates, who believe that silence is the best way to show your contempt for these attacks, but I believe that you should scotch these lies when they occur and that you should have come out with the true facts when the story first appeared. Perhaps it is too late for you to make a statement now, but the occasion may arise in the future. If you have any suggestions of further treatment of this subject, I would be very glad to have them.

I will be in Washington next Monday but am not planning to see you unless I hear from you that you have something to say to me.

With kind regards,

Yours sincerely,

David Stern

(3) Monday

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enc.

MORGENTHAU AIM MISREPRESENTED, PEPPER ASSERTS

Senator Says Wheeler Distorted Secretary's Peace Memo to F. D. R.

By WINDSOR BOOTH

Record's Washington Bureau

WASHINGTON, Jan. 23—Sen. Claude Pepper (D., Fla.), a member of the Foreign Relations Committee, today denounced isolationists who would abandon unconditional surrender and offer Germany a soft peace.

At the same time, Pepper scoured certain anti-Administration forces who have sought, since the meeting of President Roosevelt and Prime Minister Churchill at Quebec, to pin upon Treasury Secretary Henry Morgenthau a mysterious, unpublished and false plan for a Carthaginian peace.

Brands Accusations False

Pepper recalled that Morgenthau, one of the mildest and most amiable men in Washington, has been accused of seeking to destroy the German people by stripping them of industry and turning them into a nation of farmers. The accusations are false, Pepper said.

But if the isolationist bloc, led in Congress by Sen. Burton K. Wheeler (D., Mont.), persists in urging abandonment of unconditional surrender, Pepper said, "it will cost more American lives than any alleged statement Mr. Morgenthau ever made about taking away from Germany the power to wage war in the future by destroying her industrial capacity in the Ruhr."

"What will cost far more lives," Pepper declared, "is the hope of the Germans that political divisions and dissensions in the United States will make it possible for them to obtain better

Philadelphia Record
Wednesday - Jan. 24, 1945

Pepper Claims Distortion Of Morgenthau's Views

CONTINUED FROM FIRST PAGE

By WINDSOR BOOTH

terms than unconditional surrender.

Urges United Front

"That is where their hope lies, and until that hope is crushed and destroyed, they will continue to fight.

"But if the United Nations, and especially the people of the United States, will, without a single break in our moral front, hold out no hope to them, and tell them that we made a mistake the last time when we did not go on to Berlin, the will of the German people to resist will be broken."

Pepper recalled the words of Winston Churchill in Commons last Thursday, when he defended unconditional surrender and urged the enemy to surrender now.

What Churchill Said

"I am clear," Churchill had said, "that nothing should induce us to abandon the principle of unconditional surrender and to enter into any form of negotiation with Germany or Japan, in whatever guise such suggestions may present themselves."

"We may say now to our foes," Churchill continued, "We demand unconditional surrender, but you know how strict are the moral limits within which our action is confined. We are not extirpators of nations or butchers of peoples. We make no bargain with you. We accord you nothing as right. Abandon your resistance unconditionally. We remain bound by our customs and our nature."

"If you surrender now, nothing you will have to endure after the war will be comparable to what you are otherwise going to suffer during 1945."

Wheeler's Statement

Wheeler and other isolationists have said many times, Pepper recalled, that the "Morgenthau plan," which does not exist, seeks to enslave the German people.

"It has been placed in the hands of every German soldier and read over the radio by Goebbels in Germany. It has cost the lives of many American boys," Wheeler said in the Senate recently.

Morgenthau has never made any such statement, Pepper said categorically. He did prepare a confidential memorandum, dealing with postwar economic Germany, but only with that problem.

"Fiction," Pepper Says

Bits and patches of the memorandum were "leaked" to certain newspapers. Thus the fiction of a Morgenthau Carthaginian peace plan has grown to monstrous proportions, Pepper said.

portions, Pepper said.

Noting the unfair attacks made upon Secretary Morgenthau, the conservative Washington Post said if publicity given the "plan" has cost the lives of American boys, "then it is the informants and gossipers, Sen. Wheeler among them, and not Secretary Morgenthau, who are responsible."

Morgenthau's report on postwar Germany, it was learned today, was a confidential memorandum to the President prepared by the Secretary at the direct request of the President.

Morgenthau was one of four members of a Cabinet committee on German peace policy, which, as originally constituted, consisted of Secretary of State Cordell Hull, Secretary of War Henry Stimson, Morgenthau and Harry Hopkins, representing the President.

Was Confidential Memo

The President wanted a report from this committee before he went to Quebec, but since the committee had not agreed on any plan, he asked each of the members to send him a confidential memorandum of his views on the subject.

How many members of the committee submitted individual reports is not known. Morgenthau submitted his report to the President and sent copies to the other three members of the committee.

Hull was invited to accompany the President to Quebec, but asked to be excused on account of illness. Morgenthau was asked in Hull's stead. Perhaps because Hull was ill he may have resented Morgenthau's going to Quebec even though he, Hull, had been asked first. At any rate, all indications point to the leak of this confidential memorandum having come from the State Department.

To date no one has quoted directly from the report. What it contains is only hearsay.

WAR DEPARTMENT
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D. C.

De Bois ✓ 54
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27 January 1945

Dear Mr. Secretary:

I have your letter of 25 January, concerning the case of Brigadier General William O'Dwyer and Lieutenant Colonel Jerome J. Ohrbach. Orders will be issued by the War Department in the near future relieving these officers from further active duty and returning them to an inactive status in order that they may be available to you for duty with the War Refugee Board in a civilian capacity.

I am happy that we could be of assistance to you in this matter.

Sincerely yours,

John J. McCloy
JOHN J. McCLOY
Assistant Secretary of War

The Honorable

The Secretary of the Treasury





EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD
WASHINGTON 25, D. C.

OFFICE OF THE
EXECUTIVE DIRECTOR

JAN 27 1945

My dear Mr. Secretary:

I am enclosing for your files copies of my memorandum of resignation as Executive Director of the War Refugee Board and of your memoranda accepting my resignation and designating Brigadier-General O'Dwyer as the succeeding Executive Director.

Very truly yours,


J. W. Pehle

The Honorable,

The Secretary of the Treasury.

Enclosures.

EXECUTIVE OFFICE OF THE PRESIDENT

WAR REFUGEE BOARD

WASHINGTON 25, D. C.

JAN 27 1945

OFFICE OF THE
EXECUTIVE DIRECTORMEMORANDUM TO THE WAR REFUGEE BOARD

I hereby submit to you my resignation as Executive Director of the War Refugee Board effective immediately. As Assistant to the Secretary of the Treasury there has recently been assigned to me the supervision of the operations of the Treasury Procurement Division, which includes the difficult task of disposing of the surplus consumer goods turned over to the Treasury Department by the Army and the Navy. In view of the increasingly heavy burdens imposed on me by this new assignment, I have found it necessary to resign as Executive Director.

It has given me deep personal satisfaction to have been a part of the vital work undertaken by this Government to save and protect the innocent victims of Nazi persecution. While many lives have been saved as the result of our efforts, we have not, of course, met with complete success. However, I am proud of our achievements in the face of the difficulties encountered.

I have been reluctant to take this action and leave the Board because of the important work which remains to be done. I no longer have this reluctance, however, in view of Brigadier-General William O'Dwyer's willingness to assume the responsibilities of Executive Director.


J. W. Pehle
Executive Director

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD
WASHINGTON 25, D. C.



OFFICE OF THE
EXECUTIVE DIRECTOR

JAN 27 1945

MEMORANDUM TO JOHN W. PEHLE

We have received your letter of resignation dated January 27, 1945.

In view of your request and the pressure of your other duties, your resignation is hereby accepted. The Board appreciates the services you have rendered and your devotion to the great and important task assigned to this Board by the President.

Acting Secretary of State

Secretary of the Treasury

Secretary of War

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD
WASHINGTON 25, D. C.



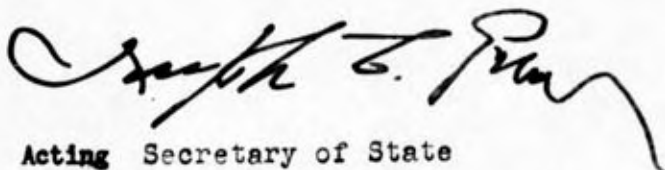
OFFICE OF THE
EXECUTIVE DIRECTOR

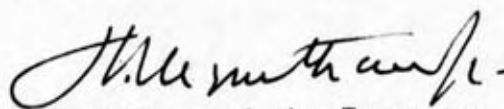
JAN 27 1945

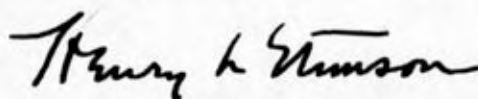
MEMORANDUM TO BRIGADIER-GENERAL WILLIAM O'DWYER

You are hereby appointed Executive Director of the War Refugee Board effective immediately.

We are sure we can rely on you to carry on the important task assigned to this Board by the President.


Acting Secretary of State


Secretary of the Treasury


Secretary of War

January 27, 1945

My dear Mr. President:

John Penle, Director of the War Refugee Board, as you know has also been acting for me as the head of the Procurement Division in the Treasury due to the resignation of Mr. Olrich. Mr. Penle felt that he was not able to give to the War Refugee Board the time it deserved and, therefore, he has been urging the Board to appoint a successor.

The Board offered the Directorship to General O'Dwyer who was very much interested and wanted to take on the job subject to the approval of the War Department. Mr. Stimson gave his approval and so did Joe Grew as well as myself.

Due to the unfortunate publicity in connection with the resignation of Mr. Pell from the War Crimes Commission, we felt that it was important to accelerate the announcement of Penle's resignation and the appointment of General O'Dwyer. Attached hereto you will find a copy of the release which was given out today to the newspapers.

We did not bother to radio you about this as we were confident that this would meet with your hearty approval.

With kind regards, I remain

Yours sincerely,

[Signed] Henry Morgenthau, Jr.

The President,

The White House.

*delivered by SSAgt Baum 2357
copy given to Mr. Penle*

WAR REFUGEE BOARD
Executive Office of the President
Washington

FOR RELEASE, MORNING NEWSPAPERS,
Sunday, January 28, 1945.

Release No. 17

The War Refugee Board announced today that John W. Pehle has resigned as Executive Director of the Board. The Board made public Mr. Pehle's letter of resignation and the Board's acceptance (copies attached).

Mr. Pehle was designated Acting Executive Director of the Board shortly after its creation on January 22, 1944. Later, on March 24, 1944, the Board, with the approval of the President, designated him permanent Executive Director.

As explained in the letter of resignation, Mr. Pehle resigned because of the increasing burden of new duties which have been assigned to him as Assistant to the Secretary of the Treasury.

At the same time the Board announced the selection of Brigadier-General William O'Dwyer as the new Executive Director. General O'Dwyer is being returned to inactive status by the War Department to handle this assignment. General O'Dwyer is District Attorney for Kings County, New York, on leave, and recently returned to the United States from Italy where he served as Vice President of the Economic Section of the Allied Control Commission for Italy, with the personal rank of Minister.

January 27, 1945

MEMORANDUM TO THE WAR REFUGEE BOARD

I hereby submit to you my resignation as Executive Director of the War Refugee Board effective immediately. As Assistant to the Secretary of the Treasury there has recently been assigned to me the supervision of the operations of the Treasury Procurement Division, which includes the difficult task of disposing of the surplus consumer goods turned over to the Treasury Department by the Army and the Navy. In view of the increasingly heavy burdens imposed on me by this new assignment, I have found it necessary to resign as Executive Director.

It has given me deep personal satisfaction to have been a part of the vital work undertaken by this Government to save and protect the innocent victims of Nazi persecution. While many lives have been saved as the result of our efforts, we have not, of course, met with complete success. However, I am proud of our achievements in the face of the difficulties encountered.

I have been reluctant to take this action and leave the Board because of the important work which remains to be done. I no longer have this reluctance, however, in view of Brigadier-General William O'Dwyer's willingness to assume the responsibilities of Executive Director.

(Signed) J. W. Pehle

Executive Director

January 27, 1945

MEMORANDUM TO JOHN W. PEHLE

We have received your letter of resignation dated January 27, 1945.

In view of your request and the pressure of your other duties, your resignation is hereby accepted. The Board appreciates the services you have rendered and your devotion to the great and important task assigned to this Board by the President.

(s) Joseph C. Grew
Acting Secretary of State

(s) H. Morgenthau, Jr.
Secretary of the Treasury

(s) Henry L. Stimson
Secretary of War

MEMORANDUM TO BRIGADIER-GENERAL WILLIAM O'DWYER

You are hereby appointed Executive Director of the War Refugee Board effective immediately,

We are sure we can rely on you to carry on the important task assigned to this Board by the President.

(s) Joseph C. Grew
Acting Secretary of State

(s) H. Morgenthau, Jr.
Secretary of the Treasury

(s) Henry L. Stimson
Secretary of War

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House 83 ✓

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE
January 27, 1945

TO Secretary Morgenthau

FROM Mr. Luxford

For Your Information

You suggested that I read the Peter Edson articles on "The Case Against Jimmy Dunn" and then discuss them with you. I will be glad to discuss them at your convenience. Meanwhile, I would like to offer the following comments:

1. The Edson articles clearly are inspired by Dunn himself. In the first of the articles, it is stated that Dunn has been accused of having been pro-Fascist, anti-democratic, pro-Franco, anti-De Gaulle, anti-Soviet, and anti-Semitic. Edson then attempts to rebut only two of these charges, viz., the pro-Franco and anti-Semitic charges. Not only does he fail to discuss the other charges, but what he has to say concerning these two matters is quite unconvincing.

2. Dunn's responsibility for the Anti-Spanish Republican policy. The Treasury obviously is not in possession of the full story of how this Government's anti-Spanish Republican policy was developed in the State Department. The public record, however, is sufficiently clear to reveal that Dunn undoubtedly played an important part in shaping the policy.

Dunn was appointed chief of the Division of Western European Affairs in July 1935 and continued in that post during the whole course of the Spanish Civil War. By virtue of this position, Dunn was the chief political adviser on our relations with Spain. In addition, during all of this period (as specifically admitted in the Edson articles), Dunn had the closest and most influential personal relationship with Secretary Hull. In view of these facts, it is inconceivable that a policy as important and definite as was our policy toward Spain could have been conceived and put into effect without Dunn's approval or concurrence. Certainly anyone in Dunn's position who was really unsympathetic with this policy would have resigned. Under the circumstances, it is ridiculous to attempt to relieve Dunn of responsibility, as the Edson article does, by stating that Dunn was not in Washington from June to September 1936.

- 2 -

3. Dunn's participation in the refusal of the State Department facilities for the transmission of messages concerning refugees. While we do not have documentary proof of Dunn's responsibility for the Spanish policy, we do know the part he played in this unsavory episode. This whole matter is documented by records in our possession and was, as you will recall, one of the important aspects of your fight to set up the War Refugee Board. In the Edson story, there is no denial that the State Department instructed our minister in Switzerland not to send any messages concerning the plight of Jews in German-occupied territory. Edson inferentially tries to relieve Dunn of responsibility by saying that Welles signed the cable. And the State Department's action is explained on the ground that it was necessary to prevent such messages in order to preserve the secrecy of State Department codes.

We know the facts about Dunn's relation to this transaction, and Edson's explanation is ridiculous.

(a) Copies of the cable in question clearly indicate that it was originated by Dunn and Atherton.

(b) Although Welles' name was signed to the cable, the cable was so cleverly drawn that Welles, if he ever did see it, could not have known that it was intended to suppress messages concerning refugees. If Welles had known what the cable meant, it is clear that he would never have signed it, because it completely nullified instructions that Welles personally had originated only a few months before, urging the minister in Switzerland to forward by telegraph any reports made to him concerning the plight of the Jews.

(c) The Edson explanation that the State Department position was based upon the fear that State Department codes would be broken is particularly inept since the cable from State to the Minister in Switzerland stated an entirely different reason for suppressing refugee messages. It did not mention at all the question of codes but stated that such messages should be suppressed because they might circumvent the censorship of neutral countries, an action which might

- 3 -

provoke the neutrals to forbid us the use of the cables and pouch. Moreover, the argument that such messages should be prevented in order to preserve the secrecy of State Department codes is silly when it is realized that the State Department consistently permitted the use of its facilities for the transmission of messages of American commercial interests. In addition, the specious nature of Dunn's point in the cable is apparent when it is recalled that after the War Refugee Board was established, we did permit and encourage such messages without the neutrals objecting. In fact, the neutrals actually cooperated with us.

Edson's code argument is also without foundation for the simple reason that any refugee messages sent from Switzerland would have been paraphrased by the Embassy in such a way as to change the original phraseology.

4. We have the facts to prove the fabrications in Edson's refugee message story. I suspect that Edson's "facts" in the Franco story would hold up in about the same way if we had the real facts.

5. I share your view that we should give Stettinius the benefit of the doubt concerning the bona fides of his attempt to cooperate with us and reciprocate fully. At the same time, I think we have reason to go a little slow in thinking Jimmy Dunn and his associates have changed their spots.

DR

JAN 17 1945

The Case Against Jimmy Dunn

By PETER EDSON (First of a series.)



WHEN the Hon. James Clement Dunn was up for Senate Foreign Relations Committee ratification as Assistant Secretary of State in charge of everything except Western Hemisphere affairs, a lot of rocks were thrown because of his alleged pro-Fascist and anti-democratic leanings. He was charged with being pro-Franco, anti-de Gaulle, anti-Soviet and by intimation, anti-Semitic. Because he was an advisor to former Secretary of State Cordell Hull, Dunn was credited or blamed with shaping the policy which our

Government has followed Spanish, French and other problems.

All these charges were never satisfactorily cleaned up. Most of the Senate Foreign Relations Committee's testimony was taken in executive session. Dunn made a blanket denial in the Committee's one open session. And he was eventually confirmed, which would indicate he was found not guilty.

BECAUSE of his key position as head of European, African, Near Eastern and Far Eastern divisions of the Department of State, it may be worth while studying his record.

First take this pro-Franco charge. Jimmy Dunn has been blamed for the American arms embargo which made it illegal to send arms to Republican Spain, as a result of which Franco was able to put Spain in the Axis camp.

Look at the record:

The Spanish revolution broke out on July 10, 1936. In July, 1935, Dunn had been named chief of the Division of Western European Affairs in the Department of State and as such would be nominally in charge of dealings with the Spanish government. But in June, 1936, just before the revolution broke out, Mr. Dunn himself broke out with stomach ulcers and went to the Mayo clinic in Rochester. When he was discharged from there he went to California to recuperate and did not return to Washington until September. While he was gone President Roosevelt on Aug. 22 announced his own "hands off" policy with regard to the Spanish revolution.

The President was, in a sense, bound to set this course by previous Congressional action. In August, 1935, Congress had passed the Neutrality Act, making unlawful the export of arms to any belligerent country. This was strengthened by the Johnson Act of February, 1936, five months before revolution broke out in Spain, prohibiting the extension of credits to belligerents.

IN the fall of 1936 came the Buenos Aires Inter-American peace conference. President Roosevelt returned to Washington Dec. 16, and 12 days later there arose a demand for legislation banning the shipment of munitions to either faction in Spain. It was a race against time, to prevent the sailing of two ships bearing arms to the war-torn country.

On Jan. 6, 1937, the President sent his annual message to Congress, and two days later, by unanimous vote in the Senate and by 406 to 1 in the House, Congress passed the joint resolution declaring strict neutrality in the Spanish revolution and embargoing shipments of arms to either faction.

This is a result of Congressional declaration of policy—not Presidential nor State Department policy. James C. Dunn had nothing to do with its writing, and as Assistant Secretary of State he would be one of those directly charged with seeing that this policy would be carried out.

JAN 18 1945

The Case Against Jimmy Dunn

(Second of a series.)

By PETER EDSON



WHEN the Senate Foreign Relations Committee was considering President Roosevelt's six nominees for assistant secretaryships in the Department of State, Sen. Claude Pepper of Florida brought up the issue of American policy with regard to the Spanish revolution and Spanish Dictator Franco.

Specifically, he cited four pages in Sumner Welles' recent book, "The Time for Decision," in which the former Undersecretary summed up the situation by saying that "Of all our blind

isolationist policies, the most disastrous was our attitude on the Spanish Civil War."

Referring to the stampede of peace-at-any-price organizations to Washington at the end of 1936 and the pressure to amend existing neutrality legislation to prevent shipment of arms to the Spanish Republican forces, Pepper read the Welles passage which says that when the Senate Foreign Relations Committee asked for State Department advice, it received this statement from the official spokesman:

"You are trying to protect the neutrality of this country, to prevent this country from becoming involved in war, and at the same time not sacrificing unduly the interest of our own people by the enactment of this domestic legislation. It is a tremendous step forward. . . ."

THUS advised, wrote Welles, Congress by an almost unanimous vote revised the neutrality legislation on Jan. 8, 1937, and stopped further arms shipment to Spain.

The inference which Welles draws is that this worked to the advantage of Nazi Germany and Fascist Italy and helped bring on the war.

Welles says that President Roosevelt recognized this danger and that when the Spanish arms embargo act came to him for signature, "he expressed in writing the deep disquiet it caused him and the regret with which he

signed it." Welles wrote further that if the President had been in the country when Congress was considering this measure and the State Department spokesman was advising Congress in its favor, this action might not have happened.

WHEN all this was aired before the Senate Foreign Relations Committee in December, 1944, there arose some question as to who this unnamed spokesman was.

There was a hunch that it might be James Clement Dunn, who in 1936 and '37 was head of the division of western European affairs. If the Spanish policy could have been hung on Dunn, his goose would have been cooked.

The mystery has now been cleared. And while it may be unfair to attribute it to a man who isn't here to defend himself, in the interest of the record, it must be said that the statement came from the late R. Walton Moore, who was then Assistant Secretary of State and from 1937 until his death in 1941 was counselor to Secretary Hull.

The responsibility which Welles puts on Moore's shoulders is not, however, as great as might appear, for in tracking down the crucial policy statement to its correct source, it has been, 1936, as Welles says, but in January, 1936. This was six months

before the revolution broke out in Spain. Furthermore, Moore made this statement with reference not to the Spanish arms embargo act, but to another measure which Congress never passed.

THERE is another point of confusion in the Welles statement that the President was out of the country while the Spanish arms embargo policy was being adopted by Congress. The President, Hull and Welles had gone to the Inter-American Peace Conference in Buenos Aires toward the end of 1936.

But the Spanish policy had previously been determined and was announced by the President and R. Walton Moore on Aug. 23, and the President returned to Washington on Dec. 16. So the President was in on the whole play. It was Welles who was out of the country. He stopped off in Rio on the way back from B. A., and in the intervening years his memory tricked him.

The President's message of regret was over the earlier neutrality act, not the Spanish embargo.

JAN 19 1945

The Case Against Jimmy Dunn

(Last of a series.)

By PETER EDSON



Fifty-four-year-old Jimmy Dunn has now settled down in the big office in the State Department building, from which he will boss this country's European, Asian and African affairs. But a lot of the things they threw at him when he was up for confirmation as Assistant Secretary of State still hover.

Charges that seem to warrant further investigation are those made in the Senate by North Dakota's William Langer.

Four years ago, before this country got into

the war, said Langer, Dunn blocked the entry into the United States for some 651 refugees from Nazi Germany, and furthermore he sent a cable to the U. S. minister in Switzerland, ordering him not to send back to this country reports on Nazi atrocities. Those are pretty serious accusations which, if true, would make Secretary Dunn not only pro-Nazi but anti-Semitic.

THE story of the 651 refugees is one of the sad stories of the war. It wasn't 651, by the way, but 2000 who got visas to come to the United States after they had been checked and o.k.'ed by the Department of Justice as desirable citizens—doctors and professors. Nearly all of them were in special danger because they held political positions. Few of them got out of Nazi territory, but in negotiating for their removal to this country by the War Refugee Board, a number of cables had to be cleared thru the Department of State. James C. Dunn, as head of the division of Western European affairs at that time, initialed many of the cables to expedite them, tho this was not directly his business.

There came a time, however, when messages from these refugees, transmitted thru Switzerland, presented a threat to break the American secret codes. Any code can be broken if the uncoded contents of a message are known and compared with the coded version of that same message. For this reason, a cable was sent to the U. S. Minister in Switzerland, ordering him not to use the code for refugee messages. The story got out that this was an order to stop sending atrocity reports to the United States, but actually it was nothing more than an order to safeguard the code. Jimmy Dunn got blamed for it, but actually the order seems to have been cabled to

Switzerland over the signature of Sumner Welles, then Undersecretary of State.

THINGS like this have been thrown at Dunn repeatedly. Not to get at him, he says, so much as it has been to get at former Secretary of State Cordell Hull or the President. Dunn was Hull's adviser on political relations for seven years and as close to him as anyone in Washington. Not being able to attack Hull, critics of the department went after Dunn and built a so-called Fascist bloc in the Department of State.

WHEN Dunn hasn't been criticized for his policies, he has been picked on because he married money—an Armour heiress—or because he was once in charge of protocol at White House and State Department functions, and therefore was considered an expert at balancing tea cups. But all such stuff is a far cry from his origin, and he is anything but a Harvard-Groton silk stocking, which all successful diplomats are supposed to be. Jimmy Dunn was born in Newark and his father was a plumber.

He studied a little law and some architecture but holds no degrees for graduating in either trade, tho he did work at architecture from 1912 to 1917. In the war he was a naval lieutenant, serving as aide to the naval attache at Havana. That turned him to diplomacy, and he began at the bottom, as a clerk in the department in 1919. He has been a career diplomat ever since, with the exception of a year out in 1930 and 1931, during the serious illness of his wife. It was his 25 years of experience that probably accounts most for his assistant secretaryship in charge of eastern hemisphere affairs, one of the hottest post-war spots in Government.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE Jan. 27, 1945

TO Secretary Morgenthau
FROM Mr. White

Subject: Withdrawal of Large Denomination Notes in England.

The Federal has received a confidential cable from the Bank of England that a new regulation will be published empowering the Bank of England to call in any notes of £5 or more. The Bank of England will call in all £10 notes about March 2nd, requiring their exchange within the month of March. Thereafter, they would not be legal tender but would continue to be payable at the Bank of England. Objects are to facilitate operation of their exchange control and to reinforce steps to deny benefit to the enemy from looting.

COPY

CONFIDENTIAL

70

INCOMING CABLEGRAM SERIAL NO. 233
January 24, 1945

LONDON, JANUARY 24, 1945

FEDERAL RESERVE BANK OF NEW YORK
NEW YORK
NO. 46/45

CONFIDENTIAL FOR KNOKE

- ONE IT HAS NOW BEEN DECIDED TO SEEK POWERS WHEREBY BANK OF ENGLAND NOTES OF £5 AND UPWARDS MAY BE CALLED IN
- TWO A NEW DEFENSE FINANCE REGULATION WILL BE PUBLISHED TOMORROW EMPOWERING BANK OF ENGLAND ON GIVING NOT LESS THAN 1 MONTH'S NOTICE TO CALL IN ANY NOTES OF ANY DENOMINATION OF £5 AND UPWARDS ON PAYMENT OF THEIR FACE VALUE: ON EXPIRY OF SUCH NOTICE NOTES IN QUESTION WOULD CEASE TO BE LEGAL TENDER BUT WOULD CONTINUE TO BE PAYABLE AT BANK OF ENGLAND
- THREE FOR PARLIAMENTARY REASONS WE SHOULD ALLOW ABOUT 7 WEEKS TO ELAPSE BEFORE ACTING UNDER THESE POWERS. FOR YOUR CONFIDENTIAL INFORMATION IT IS OUR INTENTION THEN TO GIVE A MONTH'S NOTICE CALLING IN ALL NOTES OF DENOMINATION OF £10 REPEATING £10 AND ABOVE
- FOUR PRESENT ACTION IS A COROLLARY TO THE DECISION TAKEN IN 1943 NOT TO ISSUE FURTHER NOTES OF £10 AND UPWARDS AND WILL GIVE BANK OF ENGLAND SIMILAR POWERS OVER HIGH SUM NOTES TO THOSE ALREADY POSSESSED FOR NOTES OF £1 AND 10SH; THIS IS PRIMARILY A DOMESTIC MEASURE
- FIVE THE IMPORT BAN IS NOT REPEAT NOT BEING LIFTED GENERALLY TO ENABLE OVERSEA HOLDERS OF NOTES AFFECTED BY THESE MEASURES TO IMPORT THEM INTO THE UNITED KINGDOM FOR EXCHANGE. WE SHALL BE INTERESTED TO HEAR IF ANY HOLDINGS OF NOTES AFFECTED BY THESE MEASURES ARE BROUGHT TO YOUR NOTICE
- SIX FOR YOUR INFORMATION OBJECT OF MEASURE NOW BEING TAKEN IS TO FACILITATE OPERATION OF EXCHANGE CONTROL AND TO REINFORCE STEPS WHICH HAVE BEEN TAKEN TO DENY BENEFIT TO THE ENEMY FROM LOOTING

G.L.F. BOLTON
BANK OF ENGLAND

Regraded Unclassified

TRANSMITTAL SLIP

71

Date 1/27/45

To: Sec. Morgenthau

Sent in accordance with your request.

E. S. G.

E. S. Greenbaum
Brigadier General
Executive Officer, OUSW

Pentagon 3E 724
Form OSW-28
(3-6-44)

Extensions
2216 3967

Files

27 January 1945

General Greenbaum

Impressions of Artillery Crews as to their Visits to the Plants.

This memorandum supplements memorandum dated 23 January 1945, and reports on a meeting with further team members on 25 January.

1. In general, the comments were strikingly similar to those of the other crew members reported in previous memorandum.

2. The men stated that they had a feeling of let-down by being on the home front, there was very clearly not 100% all-out effort being conducted. However, on the whole, the impression that they got was better than they had expected from what they had heard on the other side.

3. The biggest thing the workers all expressed an interest in was authentic and truthful stories. They indicated doubt as to what they read in the newspapers and again and again asked for a real statement of facts and wanted very concrete and specific stuff, asking many questions including particularly about individual stories who were relatives of theirs. In a large number of instances, not only women but many men were much affected and cried about some of the stories told. They were apparently deeply impressed.

4. The need for additional manpower was obvious. This was made clear not only by management but by actual observation. For example, at Ellwood there were two idle lines which it was stated could be in production but for lack of manpower.

5. The spirit of most of the plants was good. However, the team that went to Detroit all noticed an undercurrent of antagonism between management and labor. This evidenced itself in numerous ways and left a very bad impression. It was in sharp contrast to the good management-labor relations noted in Chicago and elsewhere in the 6th Service Command by this team.

6. In commenting on the favorable impressions of the homefront, was the action in the Government's taking over Montgomery Ward. The feeling expressed was that one man was setting himself up against his Government in time of war and not complying with some kind of an order. They did not know what the order was or understand the issue involved but the one fact that stands out was that somebody wasn't doing what he was told to do by his Government in time of war. They didn't mind the fact that the Army was the agency put in to take over because the main thing they felt was to have him obey the order which was given to him.

27 January 1945

7. All seemed very much impressed by what they called the "enormous job" of making shells. They had no idea so much work was involved and had imagined it was much simpler to make a round of ammunition. They were particularly impressed by the numerous components and intricacies of fuses.

8. All felt that the trip was well worthwhile and that it had been helpful to production to have them meet the workers first-hand. They felt that similar trips should be made and said it would be helpful to have negro soldiers carefully selected and that it was particularly important to have soldiers who had served in combat in the Pacific Theater. Most of the men at the plants felt that when VE-Day came the War would be over and that beating Japan would be a "push-over".

E. S. G.

Copies to: Mr. Petersen
Col. Gow
Col. O'Grady
Col. Houston
Sec. Morgenthau

RESTRICTED

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

House - ✓
H

27 January 1945

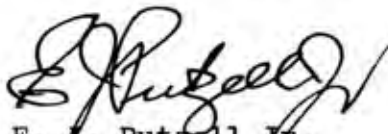
Honorable Henry Morgenthau, Jr.
The Secretary of the Treasury
Treasury Department
Washington, D. C.

My dear Mr. Secretary:

The attached radiotelephone message
was received by us last night from our repre-
sentative in Bern.

I am forwarding it to you as being of
possible interest.

Respectfully yours,



E. J. Putzell Jr.
Lt. (j.g.), USNR
Asst. Executive Officer

Attachment

RESTRICTED

Regraded Unclassified

OFFICE OF STRATEGIC SERVICES

OFFICIAL DISPATCH

DATE 26 January 1945

#271

FROM Berne

HBC

PRIORITY

TO

DIRECTOR, OFFICE OF STRATEGIC SERVICES

ROUTINE

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(FOR ACTION)

(FOR INFORMATION)

RECEIVED IN PLAIN TEXT

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GERMANY

1. We are now receiving some information which I believe is authentic with regard to the background of the July 20 plot against Hitler and the reasons for its failure.

It was primarily a plot by military men, directed along military lines. Its success depended upon the movement of troops and the seizure of certain strategic objectives, particularly in the Berlin area. The plan looked efficient on paper, but in actual practice it failed to take into account the police aspects of the problem and the need for speed and timing. It overlooked the fact that, in Nazi Germany, it was more important to seize and eliminate a few key men than to take possession of a fortress with a regiment of troops. Of course, the failure to kill Hitler was an almost fatal blow for the plotters; but they had hoped that they could cut Hitler's means of communication with the outside world for sufficient time so that they could act as though he were dead, even though the bomb itself was not effective. However, here again there was a failure, and the general who was supposed to blow up the communications center at Hitler's headquarters lost his nerve and did not act.

Apparently shortly before July 20 two earlier attempts on Hitler's life had been planned by the same group. One failed early in July because Hitler left the place in Munich where the plot was to be staged. A second attempt a few days before July 20 also failed, because the general who was to place the bomb had a nervous collapse. He later was among those who were hung. The younger officers, particularly Stauffenberg, had the nerve to proceed, but by the time July 20 came the nerves of all the participants had reached or passed the breaking point, and there was no clear directing hand. Stauffenberg was too young and too junior, and the older generals, while not lacking in courage, lacked energy and decision.

Another of the prime reasons for the failure was the fundamental divergence of views as to Germany's future course among the plotters. The younger and more active men for the most part favored a pro-Russian solution and believed that they had, through contact with the Seydlitz com-

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OFFICE OF STRATEGIC SERVICES

OFFICIAL DISPATCH

REF. No. 271

FROM Berne

TO DIRECTOR, OFFICE OF STRATEGIC SERVICES

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mittee, some hope that the Wehrmacht would not be completely disarmed and destroyed, and that Germany might get a reasonable peace. The older and more conservative participants in the plot still looked to the Western powers, although their position had been weakened because they had received no encouragement or hope from either America or England that, if their plot was successful and they formed a new government, the attitude toward Germany would be in any way altered.

2. A recent arrival from Germany gives us the impression that many Germans are tending to turn to Russia rather than to the West, because they feel that Russia has an economic need for Germany and is interested in having the German factories work, even though they work almost solely for Russia. To the Germans, this is a better prospect than complete unemployment and lack of raw materials. These Germans feel that both England and America view the western German industrial area as competitive and have no interest in rebuilding it. Both the intensive bombing of this area, as distinct from the failure of the Russians to bomb upper Silesia, and various plans for the destruction of the German industrial area, such as the Morgenthau plan, have strengthened this impression in Germany.

The Germans realize that the Russians will be hard taskmasters, but at least they feel that they will be taskmasters who will give some direction to German economic life. They feel that the Anglo-Saxons do not know what they want as far as Germany is concerned, and that there is less hope of a rehabilitation of German economic life in the German areas occupied by the Anglo-Saxons.

AUSTRIA

Here is a summary of an article which recently appeared in the Tribune de Lausanne about the Austrian resistance movement. There are increasing numbers of people who have decided to work actively for the liberation of Austria, despite their natural skepticism after all their experiences since 1918. During this war, the Germans have had constantly to fight revolutionary agitation among workers, intellectuals, and officers in Austria. The repressive measures of the Gestapo have been brutal and ferocious, but they had no more success than in the rest of occupied Europe. For more than a year partisan groups have been organized in mountainous regions in Tyrol and Carinthia; but they have no great strength and are insufficiently armed. They are living in difficult circumstances and cannot think of risking pitched battles. They nevertheless continually hamper the activities of the Germans through constant sabotage, and more and more troops, sorely needed elsewhere, are required to watch these partisans.

The military activity of these groups is sporadic, as they are

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FROM

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widely dispersed in the mountains, but they also carry on political activities. Their leaders realize that it is extremely important that a united front be formed before the arrival of Anglo-Saxon or Russian troops, which would afford a basis upon which a provisional government, to be charged with the defense of Austrian interests during a difficult period of transition, could be formed. Apparently this objective has been reached today, after long negotiations. The Socialists of the Left and Right, the Christian Socialists, The Bauernbund, the Vaterlaendische Front, and the Legitimists, most of whom have abandoned the idea of a return of the Habsburgs, have, according to a recent report, actually succeeded in creating a united front and establishing a national committee in Vienna on December 14. This provisional government has an executive council of five members and four committees of fifteen members in all, of which one will deal with military affairs, the second with economic affairs and food supply, the third with information, and the fourth with national education. The essential task of this clandestine government will be primarily to unify military and political resistance, establish contact with the Soviet, French, and Anglo-Saxon allies, and especially to insure the existence of an independent and democratic Austria.

It is impossible today to define the structure of this state which Austrian patriots are endeavoring to build on the defeat of the Third Reich, or to say what role it will play in Central Europe.

However, certain conclusions can be drawn from the discussions of Austrian emigrants. Most Austrians have definitely discarded the idea of the restoration of a great Danubian state under a Habsburg. They no longer dream of joining a confederation of the south German Catholic states. Their attitude toward Hungary is very reserved. They are better disposed toward Czechoslovakia, as is known from the efforts of the Austrian Association for Cooperation with Czechoslovakia and the Czechoslovak Association for Cooperation with Austria, both organized in London in 1943 to find the bases of a close political and economic entente. For Austria, Czechoslovakia would be a tie with Poland and Russia and, after having arranged economic agreements with Hungary and especially Yugoslavia, Austria could offer the Czechs access to the Adriatic to the port of Trieste, perhaps internationalized.

These are all plans for a remote future. The most important thing for the Austrian today is to affirm the existence of an Austrian nation based on traditions that are not those of Germany and capable of regaining political and economic equilibrium and, still more, to demonstrate, by participating in the struggle against the Third Reich, that they have fulfilled the condition presented to them by the representatives of the three great Powers at the conference of Moscow.

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EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD
WASHINGTON 25, D. C.



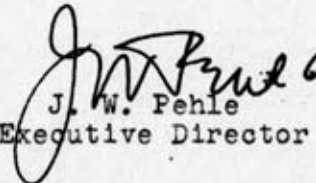
OFFICE OF THE
EXECUTIVE DIRECTOR

JAN 27 1945

My dear Mr. Secretary:

I am pleased to send you herewith a copy
of the report of the War Refugee Board for the week
of January 15 to 20, 1945.

Very truly yours,


J. W. Pehle
Executive Director

The Honorable,

The Secretary of the Treasury.

Enclosure.

Report of the War Refugee Board
for the Week of January 15 to 20, 1945

COOPERATION OF SWISS AND SWEDISH GOVERNMENTS

We cabled Representative McClelland that private relief agencies in this country which are hopeful of being able to arrange large-scale escapes of refugees from Nazi persecution have expressed doubts as to whether the Swiss Government is willing to continue to permit a flow of refugees to enter Switzerland without limit as to number. We asked him to inform us of the results of any investigation he might find it necessary to make in this connection. At the same time, we authorized him, if he should consider it useful now or at any time in the future, to emphasize to Swiss officials that the assurances previously given by this Government, concerning the maintenance and evacuation of refugees from enemy persecution admitted to Switzerland, were not restricted to any particular number of persons and that continued Swiss cooperation in this humanitarian endeavor by permitting the entry without regard to numbers of all such refugees who may be able to reach Switzerland would be greatly appreciated by the United States Government.

We sent a cable to Representative Olsen in Stockholm, along the lines of a message to Representative McClelland outlined in a recent report, requesting that he visit the Swedish Foreign Minister and urge that continued efforts be made from now on, in view of the increasing danger to Jews in German-controlled territory, to keep the surviving victims of Nazi persecution alive during the coming stages of hostilities in Europe. We enumerated the largest known concentrations of Jews in Axis territory, including Camp Bergen Belsen with more than 9,000 inmates. We asked that he make clear to the Swedish Foreign Minister our view that frequent and extended visits of Swedish Consuls to places and regions where Jews are concentrated constitute one of the most effective means of preventing their further extermination, as proved in Budapest, where the presence of Swedish personnel appears to have been instrumental in saving many lives. We requested Representative Olsen to emphasize to the Foreign Minister the mounting evidence of confusion among local German officials and their increasing accessibility to psychological pressure to dissuade them from carrying out the extermination policies ordered by central German authorities and to urge that full advantage of this state of mind be taken, through unofficial as well as official channels, in the interest of saving lives. It was

pointed out that we are seeking unremitting pursuit of the suggested activities on the part of the Swedes as long as the danger lasts and not one-time acts of intercession. In view of the perilous situation of the Jews in areas which the Germans may soon have to evacuate, and in view of recent reports indicating the effectiveness of publicity and other forms of psychological pressure upon German officials, we also asked Minister Johnson and Representative Olsen to make special efforts to increase such pressure through all channels available to them.

By way of specific action, we suggested that the desirability of delegates of the Swedish Y. M. C. A. and the Swedish Red Cross being stationed in or sent on extended visits to Bergen Belsen, to assist in the distribution of the large number of relief parcels recently reaching this camp with their assistance, be urged upon these organizations.

We also cabled Representative McClelland requesting that, in view of the large number of relief parcels recently reaching Bergen Belsen, he urge upon the International Red Cross the desirability of having an Inter-cross delegate stationed in or sent on an extended visit to the camp to assist in the distribution of such parcels. We indicated that this suggestion to safeguard the lives of the camp inmates is made in line with our recent request that Swiss and Inter-cross efforts be redoubled to protect the remaining Jews in Germany and German-occupied territory in view of the increasing danger threatening their survival.

To our Legations in Bern and Stockholm and Representatives McClelland and Olsen we cabled our understanding that the Swiss and Swedish Ministers in Washington, at the request of a private organization, are transmitting to their Governments requests that Switzerland and Sweden again appeal to the German Government to refrain from further extermination and persecution of the Jews remaining in German-occupied territory. We suggested that it be indicated to Swiss and Swedish officials that this Government would welcome an appeal along such lines.

SITUATION OF JEWS IN GERMAN-OCCUPIED TERRITORY--AUSCHWITZ AND BIRKENAU

Representative Mann cabled us that representatives of the Czech Government and various Jewish groups have approached the Russian Embassy in London, pointing out the possibility that, as the Red armies approach the camps at Auschwitz and Birkenau, the Germans will make a last-minute effort to

- 3 -

exterminate every one in these camps. They urged that the Russians try to reach the camps at the earliest possible moment and that the Russian Government endeavor to provide every possible means to protect the camp inmates from last-minute slaughter at the hands of the Germans. Representative Mann was informed that the Russian Embassy promised to forward the request to Moscow. The same groups approached him urging that the War Refugee Board send a cable to Moscow requesting that the attention of Soviet authorities be directed to the matter. We immediately cabled our Embassy in Moscow, pointing to fears of a German massacre of Jewish and other survivors in these and other camps in that area prior to retreat, and asking that the urgency of addressing suitable warnings to Germans in those localities by radio and pamphlets be suggested to Soviet authorities. Our feeling that, in view of the nearness of Soviet forces, such warnings by them would be helpful and effective was indicated. The Embassy was asked to raise with Soviet authorities the matter of the feasibility of their taking direct measures for the protection of camp inmates. We further requested that, as an indication of whether the Germans are continuing their policy of exterminating the remaining Jews previous to retreat, the Embassy endeavor to ascertain for us whether the 60,000 to 80,000 Jews reported in Lodz a few months ago were found alive.

From the United States Legation at Dublin, we learned that, at the request of a member of the Dail, the Irish Government addressed an inquiry to the Government of Germany concerning the rumor that the Germans intend to exterminate the Jews in the camps at Auschwitz and Birkenau. The reply of the German authorities was that the rumor is pure invention, devoid of foundation, and that if the camps should be abandoned, the inmates would be evacuated. A cable was sent to our Legation at Dublin asking that this Government's appreciation of their humane activities in the matter of threatened Jewish inmates of German camps be conveyed to the Irish Government. In this connection, and in view of the nearness of these camps to the front, we asked that the Irish Government be advised that it would be greatly appreciated if a further communication could be dispatched with the greatest possible speed to German authorities, informing them that their reply to Ireland has been noted by the Government of the United States and that the latter accordingly expects that Jews and other survivors of these and other concentration, detention, and labor camps in Germany and German-controlled territory will be kept alive by German authorities.

- 4 -

EVACUEES FROM BERGEN BELSEN

We notified the War Department and the United Nations Relief and Rehabilitation Administration that plans for the possible use of the refugee camp at Philippeville, in connection with the removal from Switzerland of 1,352 evacuees from Bergen Belsen, should include the initial group of 320 persons who reached Switzerland from Bergen Belsen in August, making the total number of persons involved 1,672. We were informed by Assistant Secretary of War McCloy that messages are being sent to appropriate officials in the theater concerning transportation arrangements, but indicating that if they so recommend, consideration will be given to arranging accommodation for these refugees at some camp other than Philippeville.

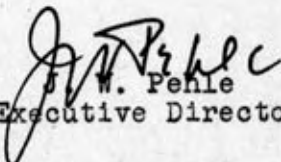
Representative Mann advised us that he has taken up with the Refugee Section of the British Foreign Office the question of admission of these refugees into Palestine, stressing the urgency of the matter.

JEWISH REFUGEES IN SHANGHAI

Information reaching us from private sources through our Legation in Stockholm referred to a message cabled to the King of Sweden from Palestine requesting that Swedish protective passports be given to certain rabbinical groups, representing a part of some 20,000 Jewish refugees in Shanghai, and that Sweden send a vessel to evacuate them. After an investigation undertaken at the request of the Swedish Foreign Office, the Swedish Consul in Shanghai reported that evacuation from Japanese areas is impossible. From the same private source, a later report contained information, somewhat at variance with the first report, given by representatives of a private organization who stated that they had discussed the matter with the Japanese Minister in Stockholm and were given to understand that the Japanese would interpose no objection to the departure of the rabbinical group from Shanghai, provided their reception in some neutral country could be guaranteed. It was said that the only practicable route for them to take is via Russia, and the assistance of the United States Government in obtaining Russian transit visas was sought.

- 5 -

According to information obtained from private sources in the United States, Jewish officials in Palestine have received a message from the Vatican to the effect that the Japanese Government agrees to the removal of interned refugee rabbinical scholars in Shanghai as part of an exchange scheme. This information was cabled to Mr. Myron Taylor at the Vatican with the request that he ascertain precise facts regarding the matter and cable us such information as he is able to obtain.


J. W. Penle
Executive Director

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, London
DATED: January 27, 1945
NUMBER: 642

CONFIDENTIAL

See your cable of January five, No. 167. Proposal in the third paragraph is open to discussion you may assure the British.

ORIN
Acting

WT:QNB:blw

Paraphrased:
DC/L:MR 1/30/45

C
O
P
Y

CABLE TO AMERICAN EMBASSY, PARIS, FROM WAR REFUGEE BOARD.

Please deliver following message to Joseph Schwartz from M. A. Leavitt
of American Jewish Joint Distribution Committee:

QUOTE IN ORDER ENABLE US PLAN PROGRAM FOR PURCHASING FOOD
CLOTHING MEDICAL SUPPLIES FOR FRANCE AND BALKAN COUNTRIES MOST
IMPORTANT YOU ADVISE US EXTENT TO WHICH MONETARY RELIEF
REQUIREMENTS MONTHLY VARIOUS COUNTRIES AND EXTENT TO WHICH
RELIEF IN KIND SHOULD BE SENT. PRESENT PURCHASES BEING MADE WITH-
OUT REFERENCE TO BUDGET APPROPRIATIONS AND STATUS OUR COMMITMENTS
UNCERTAIN. PILPEL REPORTS FOOD AND CLOTHING AVAILABLE PORTUGAL
BUT WE HESITATE AUTHORIZE PURCHASES PENDING WORD FROM YOU AS TO
AMOUNTS AND WHETHER WITHIN BUDGETARY APPROPRIATIONS. STILL
AWAITING YOUR RECOMMENDATIONS BUDGET REVISIONS JANUARY FEBRUARY
ALSO RECOMMENDATIONS MARCH APRIL. PLEASED YOUR ARRANGEMENTS
PASSMAN. UNQUOTE

Jan. 27, 1945

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

January 27, 1945

6 p.m.

War Refugee Board

AMEMBASSY

PARIS

325

For Caffery and Hoffman, Treasury Representative.

Embassy is authorized accept War Refugee Board
cables submitted by Hoffman on reimbursable basis.

Authority retroactive September 1, 1944.

OLW
(Acting)
(OLW)

WED:MMW:ND
1/27/45

VE

CABLE TO AMERICAN LEGATION, LISBON FROM WAR REFUGEE BOARD

Please deliver following message to Robert Pilpel from M. A. Leavitt,
American Jewish Joint Distribution Committee:

QUOTE YOUR 148 APPROVE EMERGENCY APPROPRIATION \$10,000 TIRANA
AND APPLYING FOR LICENSE. YOUR 152 APPROVE PURCHASES SWEDEN FOR
WARSAW SUBJECT SCHWARTZ'S APPROVAL. APPLYING LICENSE MAKE FUNDS
AVAILABLE GOTTFARB. UNQUOTE

THIS IS WRB LISBON CABLE NO. 133

January 27, 1945
11:00 a.m.

PEN

PLAIN

January 27, 1945

AMLEGATION

BERN

467, Twenty-seventh

The cable below is for McClelland from War Refugee Board.

The following is text of press release to be issued by Board on January 28, 1945, announcing Mr. Fehle's resignation as Executive Director of the Board and the appointment of Brigadier-General William O'Dwyer as his successor:

"The War Refugee Board announced today that John W. Fehle has resigned as Executive Director of the Board. The Board made public Mr. Fehle's letter of resignation and the Board's acceptance.

Mr. Fehle was designated Acting Executive Director of the Board shortly after its creation on January 22, 1944. Later, on March 24, 1944, the Board, with the approval of the President, designated him permanent Executive Director.

As explained in the letter of resignation, Mr. Fehle resigned because of the increasing burden of new duties which have been assigned to him as Assistant to the Secretary of the Treasury.

At the same time the Board announced the selection of Brigadier-General William O'Dwyer as the new Executive Director. General O'Dwyer is being returned to inactive

cc: Mr. Thompson (for the Sec'y) Ackermann, Berlin,
Czechoslovakia, 5

-2- #467, Twenty-seventh, to Bern.

status by the War Department to handle this assignment. General O'Dwyer is District Attorney for Kings County, New York, on leave, and recently returned to the United States from Italy where he served as Vice President of the Economic Section of the Allied Control Commission for Italy, with the personal rank of Minister."

Following is personal from Pehle:

I wish to take this opportunity to express to you again my personal appreciation for the excellent work you have done for the Board during the period I served as Executive Director. I am confident that General O'Dwyer can rely on your continued service and devotion to the work of the Board. Sent to Bern, repeated to London, Stockholm and Ankara.

GREW
(Acting)

CODE ROOM:

Repeat to: London for Mann #664
Stockholm for Olsen #152
Ankara for Kataki #132

WFB:MMV:KG
1/27/45

WE

BO

NE

NCE

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN LEGATION, BERN
TO: Secretary of State, Washington
DATED: January 27, 1945
NUMBER: 581

SECRET

The following is for WRB.

The substance of WRB's message 356 has been brought to the attention of all competent authorities of Federal Political Department and ICRC and discussed with them earnestly. See Department's 127 of the ninth of January. On the fifteenth of January, I took the matter up with Minister Walter Stucki at this time in charge of Foreign Office awaiting assumption of duty of the Foreign Minister (newly appointed). Have approached Petit Pierre, and officials of Foreign Interests Division. It is said by the Foreign Office that official Swiss representatives have thus far not been able to visit any of the three camps names Vis-Vienna, Lods, Thereisienstadt. In addition, it feels that there is considerable doubt of possibility of its representative making frequent or extended visits to locations where Jews are concentrated unless it can be satisfactorily established that persons are there who legally fall under protection of Swiss. However, it is stated by the Swiss that every attempt will be made in regard to this and they think that camps near Vienna likely offer most favorable prospects as in that vicinity there are numerous Swiss interests. The Swiss will attempt to take complete advantage for purposes indicated by you.

When interviewed on the matter by McClelland, President Burckhardt ICRC assured him that committee purposed continue doing all in its power to aid in every possible manner Jews and other surviving victims Nazi persecution still in hands of Germans. Therefore, ICRC is endeavoring to enlarge the number of its delegates in Germany. It was urged by McClelland that ICRC continue this effort as the more competent and energetic men on spot as internal confusion increases in Germany the greater will be chance of influencing officials of Germany and possibly dissuading them from carrying out policies of extermination.

Shortly ICRC will report on extent of supervision which it has been able to exercise over Hungarian Jewish deportees working in territory of Reich. Especially in the last six weeks this supervision has been fairly satisfactory in Austria but is probably less extensive within Germany.

DC/L:MLG

HUDDLE

Regraded Unclassified

JEC-746

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

Bern

Dated January 27, 1945

Rec'd 8:19 p.m.

Secretary of State,

Washington.

588, January 27, Noon

FOR WRB FROM MCCLELLAND

Department's 288, January 18, WRB's 367

About ten days ago ICRC received a list containing names of roughly 32000 deported Luxemburgers. After preliminary examination ICRC estimates about 800 persons on this list to be geographically accessible to relief parcel shipments. ICRC relief to this number of Luxemburgers is however not particularly a financial question but rather one of transportation as we have for moment at least more WRB parcels than can be satisfactorily distributed. We are already addressing WRB parcels to about 200 Luxembourg deportees.

Luxembourg Consul at Lausanne Jules Elter informed me week ago he holding 40,000 Swiss francs recently sent him by this government to purchase relief for Luxembourg deportees which he has not (repeat not) yet begun to be able to spend.

It is ICRC's opinion that a fund of 60,000 Swiss francs would be more than enough to organize relief program for accessible Luxembourg deportees: ~~(eight)~~ (3000) from recent lists and 200 previously known. I accordingly return to my original recommendation (Legation's 6837, October 13) that equivalent of \$15,000 be licensed for relief in (repeat in) Luxembourg through Krier and Clement and that \$5000 be reserved in combination with Elter's funds for relief program through ICRC for Luxembourg deportees.

HUDDLE

WRB

EGP-760
Distribution of true
reading only by special
arrangement. (SECRET W)

Bern

Dated January 27, 1945

Rec'd 8:43 p.m.

Secretary of State,
Washington.

592, January 27, 2 p.m.

WRB FROM MCCLELLAND

To best of my knowledge report given to board
by Vaad Hahatzala is incorrect. Department's 410,
January 25, WRB's 378. From what source did such
information come? If any such situation existed I
should most certainly have heard of it and would
naturally have reported it to board.

HUDDLE

JMS

NOT TO BE TRANSMITTEDSECRETOPTEL NO. 31.

Information received up to 10 A.M. 27th Jan. 1945.

NAVAL1. Norwegian Waters

22nd. One of H. M. Submarines torpedoed 5,000 ton ship and probably sank escorting Trawler off Stavanager.

2. Home Waters.

26th. One of H.M. Frigates torpedoed in Irish Sea by U-Boat which later sunk by ships 4th and 5th Escort Groups.

3. Mediterranean

One of H. M. Minesweeper damaged by mine off Ancona.

MILITARY4. Western FrontSouthern Sector: West of Mulhouse heavy fighting continues but situation little changed. North of Strasbourg enemy launched series of attacks against U.S. 7th Army in Areas Haguenau and Ingweiler where penetrations of 1 mile were made but counter attacks largely restored position.Central Sector: U. S. Troops made further advances on wide front.Northern Sector: British and U. S. Troops advanced 2 to 3 miles S. E. of Heingberg.5. Eastern FrontEast Prussian Sector: From the East Russians have captured Lowenhagen (12 miles S. E. Koenigsberg) while to the West having by-passed Elbing they have reached the sea by capturing Tolkenit thus cutting off East Prussia completely, on Western Flank this salient corridor widened by capture Marienberg (S.S.W. Elbing).Central Sector: Further advances made North and South of Poznan and also North and N.W. of Breslau. Further South important centra Hindenburgh (N.E. Gleiwitz) captured.Southern Sector: Some progress made West and N.W. Kosice while further blocks Budapest also captured.

AIR

6. Western Front

26th. SHAEF (Air): 550 offensive sorties (5 Fighters missing) flown and good results obtained by 32 Mediums on Euskirchen Railway Bridge while Fighters report destroying 80 Railway Trucks, 140 MT and 10 AFV.

7. Mediterranean

25th. 373 Fighter Bombers and Fighters (4 missing) operated successfully against communications N. Italy and close support targets.

8. Burma

Night 23rd/24th. 19 Liberators laid sea mines off Penang.

24th. Transport Aircraft flew 503 sorties.

HOME SECURITY (to 7 A.M. 27th)

9. Rockets

26th. 9 Incidents reported.

Night 26th/27th. 7 Incidents reported.

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WJZ & BLUE

() ()
9:00 - 9:15 P.M.

Lennen + Mitchell

WALTER WINCHELL

95

JANUARY 28, 1945

SUNDAY

ANNOUNCER:

The Jergens Journal featuring Walter Winchell. Mr. Winchell whose famous column appears in the New York Daily Mirror and other newspapers of more than 35 million readers is brought to you by Jergens -- the lotion for soft, smooth, romantic hands.

WOMAN:

In this cold weather, I think everyone should have a large bottle of Jergens Lotion tucked away.

WOMAN 2:

Oh, I never tuck away my Jergens. I keep an extra bottle in the kitchen too, so we'll all use it regularly. I hate rough hands.

ANNOUNCER:

Do use your Jergens lotion regularly. That helps prevent rough hands. Because Jergens furnishes beauty protectants, softening moisture for your skins. Such simple hand care. No troublesome stickiness. For the softest, adorable hands be sure and use Jergens Lotion. And now to the editorial room -- and Walter Winchell.

WINCHELL:

Good evening Mr. and Mrs. North and South America and by short wave overseas -- let's go to press.

FLASH -- LONDON -- The Russians are now only 95 miles by land from Berlin, Germany, which means about 20 minutes to Berlin by bomber.

LUZON -- American patrols have reached the town of Mexico 34 miles away from Manila.

(MORE)

WINCHELL:

PEARL HARBOR -- General MacArthur reports the destruction of 71 Jap tanks in the Clark Field area and the capture of 40 big Jap guns plus great supplies of Japanese food and equipment.

STOCKHOLM -- Swedish newspapers estimate that two million German refugees are now pouring into Berlin in their desperate race to escape the avenging Russians. Nazi officials greet them with an order to move on or else.

SAN FRANCISCO -- Major Richard Bong who has the record -- 40 Japanese planes -- and his fiance will be married in San Francisco on February the eleventh. They will honeymoon in movie town.

HOLLYWOOD -- Al Jolsen is rapidly mending from his emergency operation. The star is out of bed for the first time today but still confined at the Cedars of Lebanon Hospital, Hollywood

NEW YORK CITY -- Mayor LaGuardia today warned eating places in New York City that violation of meatless Tuesday and Fridays is liable to mean forfeit of their Bd. of Health licenses. This means a short cut to the poor house.

CURRIE, NORTH CAROLINA -- The G men have arrested Virgil Fred Burgess an escaped federal prisoner. He escaped from the reformatory at Chillicothe, Ohio, but the F.B.I. never stopped looking for him. He was finally apprehended last Thursday night. He escaped 18 years ago.

GOVERNOR'S ISLAND, NEW YORK -- Because of the conclusive truth, startling in its completeness, as offered by the F.B.I. Tom Clark of the Department of Justice will demand the death penalty for the two saboteurs after a three day trial. The trial starts on Governor's Island on February the second.

(MORE)

WINCHELL:

BEHIND THE INTERNATIONAL FRONT ** PARIS -- The German General Staff is fighting a brilliant defensive war. No longer do the Germans trade life merely to hold on to conquered territory. At any cost, the Nazis are keeping their armies in tact, although a battle of annihilation will start at any moment in East Prussia. This means that the German army is fighting a holding action against Eisenhower. But it is retreating in good order before the Russians. At this time, General Feg is Hitler's strongest ally.

MOSCOW -- Outnumbering the Germans four to one, the Russians have nearly 230 divisions in action and 100 in reserve. The Russian commander in the field to watch is Marshal Zhukov now attacking in the center. Remember that name Marshal Zhukov -- because he is the man Josef Stalin has picked to succeed himself when -- as -- and -- if.

BERNE - SWITZERLAND -- Time is on the side of the United Nations. No power on earth can stop the clearing skies of spring. Then new Allied rocket equipped airplanes, I said airplanes, each with a terrific firing power will make German communications impossible. The greatest Allied invention of this war -- the rocket equipped airplane.

PEARL HARBOR -- From Australia to the Aleutians and from Panama to Hong Kong powerful United States fleets are prowling the Pacific with but one objective -- to bring the Japanese navy into action. Anyone of three Allied forces is now capable of a general action with the entire Japanese fleet. With over fifty thousand ships of all kinds, our Navy at sea is even more spectacular than the Russian armies are on land.

(MORE)

WINCHELL:

WASHINGTON, D.C. The vote on the Henry Wallace confirmation marks the complete showdown in the Democratic party. A roll call vote will be demanded. This means, ladies and gentlemen, that the Democrats, who are against the President, and Mr. Wallace, must stand up to be counted. Few Democratic members of Congress, north of the Mason-Dixon line, and west of the Mississippi, can hold their seats in the next election without the support of Wallace and F.D.R. It is reported tonight that the Post Office in Washington, D.C. is receiving some of its heaviest mail in its history over this controversy.

ATTENTION MR AND MRS WAR BOND OWNER -- Because I received too many letters asking me about rumors regarding war bonds, I sent them to the United States' Treasury. The rumor, obviously planted by subversive agents over here, is that our savings bonds would not be redeemed in accordance with their terms. As I suspected these rumors are baseless. The Government proposed that banks be permitted to redeem savings bonds only to calm the fears of gullible people who fell for such bunk that they wouldn't be redeemed. So, please, unless it is absolutely necessary, do not redeem your war bonds. The Treasury Department concludes its letter of assurance to me as follows: "By making known the true facts in your column and over the air, you could do much to discount the wholly unfounded rumor."

NEW YORK -- The big town is bubbling with political activity again over this years fight for mayor. Governor Dewey is said to be leaning toward LaGuardia for mayor, and believe it or not, so is Tammany Hall for LaGuardia as United States Senator. His Honor who owns a very big piece of millinery, is keeping his plans under it.

-5-

WINCHELL:

NEW YORK CITY -- Michael Todd's new show, "Central Park" which opened last night is the talk of New York today. The fine music and the story of old New York make the show "Central Park" a member of the Oklahoma, Showboat hit parade, according to some of the critics.

NEW YORK CITY - Mrs. Franklin D. Roosevelt will attend the dinner to Henry Wallace at the Hotel Commodore tomorrow night. Henry J. Kaiser the ship-builder will also speak. There are no more seats, with over three thousand requests crowded out. At the affair, Mrs. Roosevelt will read a message to Henry Wallace from the President.

WASHINGTON -- Highly informed but unofficial experts believe that Moscow's drive on Berlin is bypassing large cities. It is believe that Stalin is driving directly for Berlin with the intention of putting up a government of the Captured German Generals. They will then call upon Germany to surrender. This is an unofficial theory of Moscow's tactics from your reporters own sources.

THE INTERNATIONAL ROGUE'S GALLERY -- Blackmail division -- Ladies and gentlemen: Dr. Max Ilgner - I L G N E R - a Nazi leader is at present in Stockholm pleading for a soft peace. His uncle whose last name is Schmitz, an executive of I. G. Farben, the famous cartel executives. This Il ner got his job by juggling information to Hitler about his uncle Schmitz. Blackmailing both his uncle and Carl Bott, the inventor of nitrogen compounds, Dr. Ilgner made trips to South America and Japan to start propaganda agencies against the United States. He now knows that he has set himself up on the wrong

WINCHELL:

horse and is looking for American fools to help him change saddles. This series of exposes will continue to keep American business men on the alert. Beware of this rodent, Mr. and Mrs. America. He's on our country's blacklist and if you deal with him in any way, you are pledging for an awful lot of hard luck.

THE INTERNATIONAL ROGUE'S GALLERY -- BLACK JACK DIVISION --

This man's name is Philip Karl Krauch. He is the general Manager of I G. Farbin and the board member of the German Ford Company. He believes in terror --

This Krauch, an able engineer, is closely connected with the Gestapo working directly with Himmler. Krauch gained his high position, and holds it yet, because German manufacturers are afraid that he will have their children kidnapped. He is now endeavoring to give himself a pro-American appearance. Remember his name -- Philip Karl Krauch, and stay away from him and his agents. He has robbed and swindled as many Americans as he has helped kill.

A REPORTER'S REPORT TO THE NATION -- Under my constitutional privilege, I declare now, in my opinion, the German war criminals may escape punishment, and that our own State Dept is largely at fault....Why, for instance, has not the Sec. of State, even established any kind of a court? Why haven't we officially named the Nazi War criminals that almost every school child knows? Why does our own Secretary of State hesitate to bring before an American court -- the officers and men who machine-gunned helpless and disarmed American prisoners of war? I charge, too that our Secretary of State has abandoned the militant position of Mr. Hull, and has failed to state the American position....because many of his new and untried advisers do not want any. But I do know, and many foreign

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WINCHELL:

correspondents know -- that the murderers of many American boys stand an excellent chance of getting away with these murders.... on technicalities -- that I believe were furnished by the state department. I believe, too, that it is the duty of every American to stand by the graves of our murdered soldiers.... Therefore, this is to report to the wounded men right now in this studio -- and to their kinfolk at home -- that if Mr. Stettinius can face a showdown...I can show up the appeaser-influence -- which has infected our State Department. And now, Mr. Ben Grauer and company for Jergens Lotion. I'll be back in a flash.

GRAUER:

Mrs. A. T. Glasscox of Texas agrees that it's a good idea to keep an extra bottle of Jergens Lotion in the kitchen. She writes ----

WOMAN:

With the shortage of domestic help, I'm doing a good deal of unaccustomed housework, and my hands became unbearably rough. Nothing seemed to improve them until

GRAUER:

What did Mrs. Glasscox finally do for her hands?

WOMAN:

I borrowed some of my husband's Jergens Lotion -- yes my husbands. He uses Jergens for after shaving -- and in an unbelievably short time, my hands were soft and smooth and comfortable. Now I keep an extra bottle of Jergen's on the kitchen shelf.

GRAUER:

If your hands feel rougher than you like, treat them to this almost professional handcare -- Jergens Lotion gives. See how soon they'll look charming and feel desireably soft. Doctors know. To help ill-used skin become lovely, many doctors apply two special ingredients both of which are in your Jergens Lotion Easy to use. No disagreeable stickiness. Priced 10 cents to a dollar -- plus tax. Only always use Jergens Lotion. And

-2-

GRAUER:
(CONT)

Now back to the Editorial Room of the Jergen's Journal and
Walter Winchell....

WINCHELL:

LONDON --- British bombers have hit the sky trail for Berlin
again tonight. The German radio warns that enemy bombers are
heading for Brandenburg province. It may be the second
successive attack on the refugee-packed German capital.
Mosquitos cut loose with two-ton blockbusters last night.

LONDON --- A German broadcast has just admitted that the
Russian Army is almost in Breslau and Koenigsberg.

LISBON: -- Portugal has banned the showing of a film which
reveals some of the war activities of the F.B.I. The banned
picture is the March of Time's "The F.B.I. Front".

AND HOW TO BEAT THE RED HAND AROUND THE CLOCK:

Charles Grosse of Dayton, Ohio: It is a pleasure to salute the
employees of the Inland Manufacturing Division of General Motors
at Dayton...who, this week, did not stop their war work to
celebrate their two millionth carbine, but began production on
the 3rd million!

Mrs. Robert Holly of Providence:

Major Bowles was ill, but is fine now. He is not going to retire.
He returns to the radio for Chrysler in early spring.

Mrs. Bessie Phillips of Fort Lauderdale:

Davey Lee, the little boy who sat on All Jolson's lap in the
picture "Sonny Boy" is now a pilot in the South Pacific.

R. V. Boucus of Cincinnati: The indicted Ernest Elmhurst
mentioned by me recently who was rarely at his trial with the
others in the mass sedition case -- but got himself a job as
a waiter at a hotel in Washington has since been discharged.
He is now working, however in West Palm Beach.

-9-

WINCHELL

And that, Ladies and Gentlemen, winds up another Jergen's Journal, until next Sunday night, at the very same time, Until then, and with lotions of love, I remain, your New York Correspondent -- Walter Winchell, who reminds you to join the March of Dimes. Happy Birthday, Mr. President...I wish I could add my remaining ones -- to yours. Goodnight.

House
124

SECRET
WAR DEPARTMENT
OFFICE OF THE UNDER SECRETARY
WASHINGTON, D. C.

January 28, 1945.

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

Dear Henry:

I am giving you a copy of the letter I am
sending to Lauchlin Currie in regard to Switzerland.

Sincerely yours,

R.P.

Robert P. Patterson
Under Secretary of War.

RPP:er

Enclosure
Letter 1/27/45

SECRET

SECRET

105

January 27th, 1945.

Honorable Lauchlin Currie,
The White House.

Dear Lauch:

Switzerland.

On the eve of your departure I should like to put into a single letter the War Department point of view relative to the policy to be pursued on the economic aid furnished to the Germans by the Swiss. This may be of advantage, in view of the fact that many papers on the subject have been exchanged.

I.

The defeat of the Germans, as we see it, is only a matter of time. The superior power of the United Nations in men and in material resources is so overwhelming as to leave no doubt of the outcome. The continuance of economic aid to the Germans by a neutral nation such as Switzerland cannot change the result. But it can prolong the war and can increase the cost in lives of American soldiers.

This is of prime importance at the present time. The resources of Germany for production of munitions are strained virtually to the breaking point. Any help that Germany can get from bomb-proof neutral sources is of great advantage to her in prolonging the fighting. For the same reason it is to our interest that Germany does not receive such help from outside, so that she may prolong the war and increase the cost to us in lives.

SECRET

SECRET

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II.

The Swiss recently discontinued sending arms, ammunition and direct military supplies to the Germans. But they still send machine tools, precision instruments, industrial equipment, aluminum and other items utilized by the Germans to equip their forces in the field. The Swiss railroads are carrying a large volume of traffic between Germany and German-held Italy, to the advantage of the German forces fighting in Italy. The Swiss are also furnishing electric power to industrial plants in Germany.

It has never been disputed that these practices are of substantial advantage to the Germans in carrying on the war. We should use all proper measures to make sure that they are cut down promptly and substantially.

The Swiss contend, I understand, that unless these measures in favor of Germany are continued, they will no longer get coal from Germany. We have been advised by F. E. A., however, that the Swiss have a stockpile of coal to last them for upwards of six months.

III.

The Swiss are most anxious for our assistance in bringing to Switzerland a large tonnage of materials held for them in the Iberian peninsula. They are also most anxious to get additional supplies of raw materials from us.

It is our view that we should not assist them in getting these supplies, unless firm commitments are given that they will discontinue or sharply reduce the assistance they are giving to Germany

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in the way of exports and rail traffic, with of course the further undertaking that the supplies they wish to get will not be used to the direct or indirect benefit of Germany. We are opposed to making these concessions in their favor, in advance of getting substantial counter-concessions from them.

IV.

We understand that our forces in the European Theatre of Operations are negotiating for certain supplies by purchase from the Swiss. It is our understanding that the acquisition of these supplies, while of value to us, is not of critical importance. These transactions do not furnish a ground for countenancing the continuance of Swiss aid to Germany. If our people in the European Theatre of Operations believe that the acquisition of supplies from Switzerland is of urgent importance and requires concessions, we should be advised of that fact.

V.

From time to time mention is made of the services rendered by the Swiss in regard to our prisoners of war. It is to be borne in mind that they render the same service to German prisoners of war. The matter in relation to prisoners of war is regarded by us as independent of the economic matter. The Swiss should not be allowed to use it as an excuse or justification for the assistance they are giving the Germans in carrying on the war. I believe that Mr. McElroy is furnishing you a separate paper on prisoners of war.

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It has also been said that a prosperous Switzerland in the post-war period is in our interest. We do not see what bearing this consideration has on the matter in hand.

VI.

In summary, the matter was well put by Secretary Hull last April, when he said that the neutral nations of Europe could not expect to continue drawing on our resources if they persisted in furnishing Germany with the material with which to carry on the war.

All those nations, except Switzerland, have stopped helping Germany. They did this under pressure from us. The same degree of pressure has not heretofore been used in the case of Switzerland. We are convinced that it should be applied to the Swiss; that they should be advised that no supplies will be furnished by us or will be allowed to cross Allied territory to their borders unless they stop aiding the Germans in carrying on the war by means of exports and railroad facilities. This policy will shorten the war and save the lives of our soldiers.

Sincerely yours,

[[Signed] ROBERT P. PATTERSON

Robert P. Patterson
Under Secretary of War.

RPP:er

Copy to Mr. McCloy
Copy to Mr. Neff

SECRET

Regraded Unclassified

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

The following is text of press release issued by Board on January 28, 1945, announcing Mr. Pehle's resignation as Executive Director of the Board, and the appointment of Brigadier-General William O'Dwyer as his successor:

"The War Refugee Board announced today that John W. Pehle had resigned as Executive Director of the Board. The Board made public Mr. Pehle's letter of resignation and the Board's acceptance.

"Mr. Pehle was designated Acting Executive Director of the Board shortly after its creation on January 22, 1944. Later, on March 24, 1944, the Board, with the approval of the President, designated him permanent Executive Director.

"As explained in the letter of resignation, Mr. Pehle resigned because of the increasing burden of new duties which have been assigned to him as Assistant to the Secretary of the Treasury.

"At the same time the Board announced the selection of Brigadier-General William O'Dwyer as the new Executive Director. General O'Dwyer is being returned to inactive status by the War Department to handle this assignment. General O'Dwyer is District Attorney for Kings County, New York, on leave, and recently returned to the United States from Italy where he served as Vice President of the Economic Section of the Allied Control Commission for Italy, with the personal rank of Minister."

Following is personal from Pehle:

I wish to take this opportunity to express to you again my personal appreciation for the excellent work you have done for the Board during

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the period I served as Executive Director. I am confident that General O'Dwyer can rely on your continued service and devotion to the work of the Board.

THIS IS WRB B ERN CABLE NO. 388.

Same cable should be sent to: Mann, London (WRB LONDON CABLE NO. 40.)
Olsen, Stockholm (WRB STOCKHOLM CABLE NO. 300.)
Katzki, Ankara (WRB ANKARA CABLE NO. 140)

COPY NO. 4

SECRETOPTEL No. 32

Information received up to 10 a.m. 28th January, 1945.

- NAVAL
1. Norwegian Waters. 2 of H.M. Cruisers intercepted three destroyers N.W. Bergen which were damaged but escaped under cover shore batteries into Aspo Fiord.
 2. East Indies. 24th. Aircraft from 4 H.M. ships attacked oil refineries Palembang (Central Sumatra), while fighters attacked airfields. Damage was done to power house, 3 crude oil distilleries, two distillation plants and many other building. Enemy fighters intercepted our striking force and 13 were shot down with 6 probably destroyed, while 34 were destroyed and 25 damaged on the ground. Our losses 9 aircraft.
 3. Enemy attack on Shipping. 27th A Norwegian tanker and one U.S. ship torpedoed by U-Boat in homebound Atlantic convoy in Irish sea yesterday but both ships reached port.

MILITARY

4. Western Front. Southern Sector. First French Army has advanced to within 2 miles N.E. Colmar.
Central Sector In Ardennes U.S. troops now only 2 miles from German Border East and North of Clerveaux.
Northern Sector: Little activity on 2nd British Army Front but patrols report numerous villages and strong points West of River Roer held by enemy.
5. Eastern Front. East Prussian Sector. Russians have advanced nearer Konigsberg, broken through deep defences in Masurian Lakes, and repelled attacks by encircled German forces attempting break out.
Central Sector: Posen and Torun now encircled while further south Oswiecim and Sosnowiec (S.E. and East of Katowice) captured.
6. Burma. Coastal Sector: Myohaung captured and new landing made Cheduba Island.
Central Sector: Greater part railway from Monywa to Myinmu now cleared.

AIR

7. Western Front. 27th SHAEF (Air): Fighter bombers and fighters 278 operated Northern and Central Sectors dropping 134 tons and destroying or damaging 500 road and rail vehicles.
8. Burma. 25th Liberators 46 attacked Amarapura (10 miles S.W. Mandalay) dropping 181 tons and causing several large fires. Other Liberators 10 destroyed 2 bridges on Moulemein/Ye Railway. Aircraft 339 (missing 1. Fighter) attacked enemy positions and airfields in Arakan, Central Burm and North Shan States, with mainly good results.
25th and 26th. Super Fortresses 65 successfully laid 190 tons sea mines off Saigon in Camranh Bay and in Singapore Harbour.

HOME SECURITY (To 7 a.m. 28th)

9. Rockets: 27th. 4 incidents reported.
Night 27th/28th. 5 incidents reported.

January 29, 1945
9:29 a.m.

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HMJr: Hello. Hello.

Robert
Doughton: Hello, Henry. How are you?

HMJr: Oh, I'm pretty good.

D: This is Bob.

HMJr: How are you? This is Henry.

D: We're still enjoying those fine apples, Mrs.
Doughton and I.

HMJr: Wonderful.

D: Well, now, say.

HMJr: Yes.

D: Now, that all the international problems are
smoothed out and settled, and the perfect chords
are restored between Henry Wallace and Jesse
Jones

HMJr: Yeah.

D: and we've got no fight on the Hill about
"work or fight"

HMJr: Yeah.

D: I thought maybe that we might discuss with
you about doing something for my good friend Mills
Kitchin. I understood that Secretary Daniels
talked to you about it when he was here.

HMJr: That's right.

D: And what -- what do you think about that, Brother
Morgenthau?

HMJr: Well, Brother Doughton, I

D: Just one second until this bell quits ringing.

HMJr: Well, we've been kind of looking into it.

D: Well, I've been working on that for about five
years.

HMJr: (Laughs)

D: And, of course, I don't want to become a pest or a nuisance about it, and if we can't find out -- if there's some reason why we can't do anything for him, why, I want to drop it. But if we can, I'd like to. His father was such a wonderful man and I have such great confidence in his ability, but of course, the people down in the Department know his practicability better than I do.

HMJr: Yeah.

D: And availability and all that, but I'm awfully anxious to do something for him if I can, that is proper and right.

HMJr: Well, supposing you give me about twenty-four hours. Is that too much time?

D: Yeah, that's -- all the time you want -- before -- I suggest that perhaps you'd like to talk to Biddle about it, the Attorney General.

HMJr: Well, I'll

D: That's where he is now, you know.

HMJr: He is?

D: I understood that Secretary Daniels talked with the Attorney General and with you, too.

HMJr: Yeah.

D: He talked to me about it when he was here.

HMJr: Yeah. Well

D: Well, just whenever you look -- run it down, why, you call me whenever it happens to be. There's no rush about it but I would like for -- if we can do something, I'm very anxious to do it. If we can't, why, I don't want to keep annoying somebody about it and taking up their time, if we can't do something and if it's not right to do something.

HMJr: Well, you never can annoy me.

D: Well, I thank you, but there's no use taking
up your time about a futile matter.

HMJr: Right.

D: And you check on the matter and see.

HMJr: I'll check and I'll give you a call tomorrow.

D: Thank you very kindly.

HMJr: Thank you, sir.

D: Good bye.

January 29, 1945
9:45 a.m.

GROUP

Present: Mr. D. W. Bell
Mr. Gaston
Mr. White
Mr. Gamble
Mr. Haas
Mr. Blough
Mr. Lynch
Mr. Pehle
Mr. Luxford
Mr. DuBois
Mr. McDonald
Mrs. Klotz

H.M.JR: Herbert?

MR. GASTON: I haven't anything.

H.M.JR: Mr. Lynch?

MR. LYNCH: I have nothing, Mr. Secretary. Mr. O'Connell has a bad throat this morning and asked me to attend.

H.M.JR: Do you have anything?

MR. LYNCH: No, sir.

H.M.JR: Robert Doughton just called me up. He didn't say anything about a tax bill, and neither did I. He said for five years he had been talking to us about Mills Kitchin, and he said he didn't want to bother me any more.

Josephus Daniels talked to me about the vacancy on the Board of Tax Appeals. Is there a vacancy?

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MR. BLOUGH: I don't know. I thought they had all been filled last spring, but when we looked into that--

H.M.JR: Is it in Haas' department?

MR. BLOUGH: Largely O'Connell's.

H.M.JR: Also Herbert Gaston's. It is political.

H.M.JR: Supposing, Herbert Gaston, I told him I would give him some kind of an answer tomorrow. Doesn't Biddle have something to do with it, too?

MR. GASTON: They usually take our recommendations.

H.M.JR: Could you gentlemen let me know before tomorrow?

MR. GASTON: Yes.

H.M.JR: It is getting slightly embarrassing.

MR. GASTON: He has been trying for twelve years to find a job for Mills Kitchen.

MR. BLOUGH: That is the man--

MR. GASTON: He is Claude Kitchen's son.

MR. LYNCH: I know him.

H.M.JR: Did anybody see any publicity about General O'Dwyer?

MR. PEHLE: There was a small piece in yesterday's Star.

H.M.JR: That certainly went flat. When did you give it out?

MR. PEHLE: It was given out before four o'clock on Saturday, probably around two. It went through

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Shaeffer's office. It was on the radio yesterday, too, and I will get all the clippings on it. There will be some. I also talked to the New York Post, so I know they will have it.

H.M.JR: The Monday morning--

MR. PEHLE: It was out in time for the Sunday papers.

H.M.JR: Is there still a Brooklyn Eagle?

MR. GASTON: They still publish it.

H.M.JR: I wonder if they ran it.

Well, Herbert, supposing I look to you on this Mills Kitchin--that is getting a little embarrassing. I didn't tell him you had two vacancies, Assistant General Counsel. (Laughter)

What is the matter with Mills Kitchin, anyway?

MR. LUXFORD: He has been looking for a job twelve years.

MRS. KLOTZ: He said, "Is that a restaurant, or a person?"

MR. GASTON: What kind of a job is he requesting?

MR. LYNCH: When I knew him in Justice, he was in the Tax Division, in a fairly routine job. He was arguing tax cases in the Court of Appeals--Federal Court of Appeals. He had been there quite a long time.

H.M.JR: Well, I am sure we have people that are no better. Look at them all look up. If the shoe pinches--well, anyway, Herbert--how far did I get?

Mr. Gamble?

MR. GAMBLE: You sent me a letter from Bishop O'Hara, and if it is all right with you, I will let the Army answer it. That is all their doings. We advised them against it.

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H.M.JR: How will I know the answer?

MR. GAMBLE: I have him over in my office now, Sanford and--

H.M.JR: Can I say I referred this to the Army?

MR. GAMBLE: We can have the Army send us a copy.

H.M.JR: The Bishop sent me some marvelous postal cards of pin-up girls, and he said they objected strenuously to using these postal cards to get boys to buy bonds. I sent a memo over to Gamble saying, "What are we fighting this war for, anyway?"

MR. GAMBLE: The Army came to us and said our posters weren't any good for their use. They said they would like to use them in the post exchanges where they congregated in the camps. They wanted special art work, so we got Tom to do some art work. These are much better than the originals.

H.M.JR: Better or worse?

MR. GAMBLE: Some enterprising fellow out in Cleveland wants to submit these to all Army camps based on the little miniatures. We sent these miniatures to posts all over the world, and the fellows said, "These are wonderful; send us a million of them. Instead of posters, send minatures."

MRS. KLOTZ: Who is going to answer the letter he wrote to you?

MR. GAMBLE: We will answer that, Mrs. Klotz, and explain to them how we happened to do this. But we will let the Army answer this directly, because we brought up the matter of chaplains with the Army. Bishop O'Hara is in charge of the Catholic chaplains for the Army, and they assured us we need not concern ourselves with Army chaplains in regard to these requests for posters.

H.M.JR: I have got to answer the Bishop as long as I keep my skirts clean.

Did you hear Durante on his program Friday night when he said a fellow called and he said, "Listen, when do I see the postal cards?"

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So you can send him some of these. You will get some good publicity for the Army.

MR. GAMBLE: We sent two of these posters back, the two we finally made up. We sent them back to Petty three times to get him to put more clothes on the girls. They would give in, but not enough, so we had to send them back. It took three trips to get the posters, finally.

MR. GASTON: They had just gone so far.

MR. GAMBLE: It is the best art work they have ever turned out, either one of them.

H.M.JR: Accent on art.

MR. LUXFORD: Why can't we have some in here?

MR. GAMBLE: The only other thing I have is, I have these men after the meeting--Levy. We would like to discuss the February 18 date for the "We The People" show.

H.M.JR: I don't know whether Bell agrees; they were going to have me be on on the 4th of March, which I didn't want to do. I wanted something on bonds to get across to the public. I had better do it two weeks in advance.

MR. BELL: I would like to do it this week. I would like to have a month.

MR. GAMBLE: He meant a public broadcast.

MR. BELL: Would you want to announce anything you want to do before that broadcast?

H.M.JR: I think it should be done by the 1st of February.

MR. BELL: I would like to announce it not later than Monday of next week. I should think the broadcast could come then, not closer than thirty days; it would be March 1.

H.M.JR: I want to circulate here a little later on the first really good article that has ever been written

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by me about me. It is really by a man by the name of John Meldon. I want you all to be sure to read it. It is really very good. It talks about, actually Morgenthau is one of the so forth, and so on, and so on. It is in the Worker, which is published by a man by the name of Earl Browder. It is really quite an excellent article.

MR. WHITE: What is the medium?

H.M.JR: The Worker.

MR. WHITE: The Daily Worker?

H.M.JR: You all have to correct me--it is the Worker. It is Earl Browder's paper. It is a very excellent article on Morgenthau.

MRS. KLOTZ: Is that you down in the corner?

H.M.JR: It is the best article. I am glad some body appreciates me, even if it is Earl Browder.

MR. GAMBLE: That is all I have.

H.M.JR: I imagine you people in War Bonds got the story in the Worker.

George?

MR. HAAS: The only development I have to report is the three-month certificate curve is down to point fifty-six. Before it started going up it was point forty-six. The top was point seventy-one. When you wrote the letter, it was point sixty-eight. It is the general situation that has improved it. And one interesting development is this: Currency in circulation this month would probably show a decrease. Normally it decreases in January, but since '41 it has always gone up. Maybe they heard about the conferences we had here.

H.M.JR: Mr. Bell made real headway with me this morning. We came to an agreement in advance of seeing these forty-nine super-salesmen.

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MR. HAAS: I hope you don't get frozen on some of them.

H.M.JR: Mr. Bell is ready for Mr. Gamble and his cohorts. I told him he better move fast, otherwise Gamble would say, "The basket is all printed," knowing how Gamble operates. Now Mr. Bell is ready for you.

MR. HAAS: On that whole thing, I don't know where Dan is, but we weren't in agreement the last time we talked together. I know that.

H.M.JR: I asked Bell that, particularly, and he said what we were talking about--

MR. BELL: The three-way drive.

H.M.JR: Yes.

MR. BELL: No, George came up with another suggestion not going quite as far.

H.M.JR: There is nothing settled, but I like what Bell said. But, do you?

MR. GAMBLE: We start from a good point; we don't like the three-way drive at all.

H.M.JR: Well, don't let's put this meeting into that, but--

MR. BELL: I am going to talk to Ted this afternoon.

H.M.JR: The sooner, the better. When you fellows get the edges rubbed off each other, I would be glad to see you. Get rid of some of that Hollywood bloom.

MR. GAMBLE: Some reporter came into my office Saturday. (Laughter)

H.M.JR: What are those two things, mental association?

MR. GAMBLE: She was told by Federal Reserve in New York it was all settled that there was going to be a three-way drive, which is what they wanted.

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H.M.JR: Well, as far as I am concerned, she works at arm's length. (Laughter) I get it all second-hand.

MR. WHITE: It may be she has a bad cold.

H.M.JR: Those remarks, Mr. White, should be for after working hours, according to your own formula.

All right. I think you know. Keep an open mind after we have decided what we want. (Laughter)

MR. PEHLE: I understand the Mead Committee today is going to release some surplus property scandal involving RFC and Mr. Jones. That is the thing Pearson was hinting at.

H.M.JR: I was worked into cold sweat last night so I called you up. I just wanted--

MR. PEHLE: I heard rumors last week that this was going to happen. Needless to say, we can always have a few of them involving our own shop.

H.M.JR: What about this free lance of thirty-five super-duper intelligence men that were supposed to be working on Procurement? Was that ever organized, Herb?

MR. GASTON: Oh, yes.

H.M.JR: And they are working?

MR. GASTON: Yes. John will know more than I do.

H.M.JR: Have they struck anything yet?

MR. PEHLE: The only thing they have been working on is in the New York shop where there are difficulties; how serious they are, we won't know until they get the report in. We had our hearings for next year's appropriation last week. The hearings went very well on the whole. We were asking for twenty million dollars on the surplus side of the program, and the only difficulty was that Mr. Taber caught us in some figures we had up there which were very dubious, to say the least, and only because Mr. Taber was very generous with us

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were we not very badly embarrassed. It is historical, Mr. Secretary; it is all old stuff, but their figures were very bad.

H.M.JR: Incidentally, talking about being wrong, the next time you write Mr. Hannegan's home press you are wrong, would you mind saying you are wrong without saying I am wrong?

MR. PEHLE: I have written that and said I was wrong, and I sent copies to Mr. Hannegan. I am very sorry about that. We made a mistake.

H.M.JR: You were putting it into my mouth.

MR. PEHLE: I was delighted to admit the mistake was mine, Mr. Secretary. I assumed they knew you didn't do all the clerical work for the Department.

H.M.JR: You couldn't get that from the letter.

MR. PEHLE: O.K. On the Russian refinery program--

H.M.JR: I was just bringing it up as an example for the other people, too.

MR. WHITE: Touche!

H.M.JR: John, touche.

MR. WHITE: It is not saying they could allocate the mistake in the clerical records to you.

H.M.JR: That is not what the letter said. He said, "I am sorry I was in error when I wrote you the last time."

MR. PEHLE: "I am sorry there was a misunderstanding. The true facts are as follows:"

H.M.JR: I made a mistake.

MR. PEHLE: That is not what the letter said. If you read it that way--

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H.M.JR: It was like this fellow Thurber. He had these two characters fencing, and one of the fellows cut the other fellow's head off, and the fellow who did it said, "Touche."

Before you get on the Russians, Oscar Cox called yesterday and said General somebody--

MR. PEHLE: Wesson.

H.M.JR: ...was out of town and his assistant was out of town, and I said that would be a good time to put things through, and he said, "Mr. Secretary, that would be cutting corners, and being rather devious." I said, "Since when are you so fussy?" He said, "I have been a long time away from the Treasury." That was "touche." So he could have called "touche" on that one.

MR. PEHLE: So could you.

MR. WHITE: Except it was probably an absurdity.

MR. PEHLE: On the refinery program, I think that the whole thing is pretty badly--is he working on it?

H.M.JR: He gets back today.

MR. PEHLE: Wesson won't budge unless he is given orders.

H.M.JR: We'll see how good Oscar is.

MR. PEHLE: If you haven't already heard about it, you may be interested in the contract that is being signed in training in the United States about twelve hundred Chinese students. The Procurement Division is involved only because they are the contract signing official, but the contract provides for the training in the United States for the next year beginning in May, of some twelve hundred Chinese students who are to train in agriculture, communications, road building, and other fields. The contract is with the International Training Administration which has been set up for this purpose. It is a non-profit organization.

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Various foundations and Government people are involved. It went through Harry's shop, but I think that the arrangements are ultimately to be made with the Chinese to pay for the stuff themselves.

MR. WHITE: We didn't want to sign it because, you remember, the Chinese had requested your permission to use some of their funds for training purposes, some of the five hundred million dollar grant, and that you approved that. We didn't know about this, and when it came through that we were paying for part of another training program, I got in touch with FEA and with John, and in view of the fact the Chinese are, we understand, either on the high seas or about to land tomorrow, we approved the first batch coming in with the understanding that we would make arrangements for the next batch to be paid out of funds of the Chinese.

H.M.JR: Where did John get in on this?

MR. WHITE: This has been going on a long time.

MR. PEHLE: The Procurement Division is the procuring agency for FEA on all of this type of thing.

H.M.JR: Really?

MR. PEHLE: Yes.

MR. WHITE: The contract is coming for your signature with a little note on it, either today or tomorrow, but John and I--

MR. PEHLE: The program itself looks like a very intelligent program.

H.M.JR: I sign it?

MR. WHITE: The contract for Procurement.

MR. PEHLE: It is signed in Procurement, but the contract provides it won't go into effect until the Secretary of the Treasury signs.

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H.M.JR: Do you boys think it is all right?

MR. WHITE: Yes, because we will discuss the question as to whether or not China pays for it later, and at best she may not pay for the first batch, but we will insist on their paying for later batches, and I think they will pay for all of them.

H.M.JR: Did Crider ever write that story? Someone told me he was going to write on why didn't we get through Lend-Lease all of this stuff from the Army, rather than paying them.

MR. WHITE: He raised that question with me. I thought he was going to write it up, but I didn't see any story.

MR. BELL: There has been a program like this going on with South American countries. I don't know whether the contracts are the same, but they have had representatives from various countries in the Agriculture Department, and other departments.

MR. PEHLE: I can write it in rough.

MR. BELL: They pay for part of it. We have some people in the Bureau of Printing and Engraving, and we have some Chinese learning the art of engraving and printing. You had some letters from labor unions objecting to it.

H.M.JR: I saw the objections, but I didn't know whether they were Canadians or Mexicans.

MR. BELL: They are Chinese, and I think there are some Brazilians in there, too.

MR. GASTON: Guatemalans, I think. Guatemala bought a whole engraving outfit from Germany about 1938, and they haven't opened it, because they haven't anybody to train.

H.M.JR: How far did we get?

MR. LUXFORD: I'm next.

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I spoke to you on Saturday about the fact that we were trying to arrange a speech for you in St. Louis. We have arranged--

H.M.JR: Meet me in St. Louis, Louie.

MR. LUXFORD: That's it. We have tentatively arranged a speech before the St. Louis Chamber of Commerce on February 14th. There will be about six to eight hundred people present, and they are scheduling it for your talk to begin at nine o'clock Central Time, the thought being that it is an excellent time for a national hookup, if we can arrange it at this end. We will also, if we can work it out, try to arrange a Canadian and Mexican hookup to tie into it, because it is something of interest to those areas, too. So, if it is agreeable to you, I would like to tell them February 14th is all right, and then start taking care of the details.

H.M.JR: Is that in the evening?

MR. LUXFORD: It is in the evening.

H.M.JR: February 14th, St. Louis?

MR. LUXFORD: Right.

H.M.JR: That is not yet confirmed?

MR. LUXFORD: I have to advise them by noon today.

H.M.JR: I am willing to do it.

MR. WHITE: Does that make the second or third now?

MR. LUXFORD: That's the second. There is one in Detroit and one in St. Louis. I will work with Ted on the publicity side of the thing.

H.M.JR: Yes.

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MR. WHITE: Mr. Secretary, would you consider going to the Coast, on your way, to make a speech en route to where you thought you might be spending a couple of weeks?

H.M.JR: I am not--

MR. WHITE: Because we have had any number of requests, and one big speech might well be made on the West Coast if it doesn't take you too much out of your way, and I think we could fit one in. I think we could fit one in at a time to suit you, either in San Francisco or Los Angeles. If you would let us know on that--

H.M.JR: I would like to talk with Herbert about that last. Could you stay behind? I want to raise a question with you.

MR. GASTON: Yes.

H.M.JR: We will give you an answer in the morning.

MR. WHITE: Because we will need a little time to work it out.

H.M.JR: I have several things in mind, if you would stay behind. (Speaking to Mr. Gaston.)

MR. LUXFORD: One other point, Mr. Secretary--

H.M.JR: I want to be back on the 19th.

MR. GAMBLE: On the 18th you would be in Philadelphia, under this plan that was set up.

H.M.JR: When can I get to St. Louis when I am half way across the country? I'll tell you what you do. Who is doing St. Louis?

MR. LUXFORD: I am doing St. Louis.

H.M.JR: On the 18th--

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MR. GAMBLE: That's the date you gave us, at Philadelphia, February 18th, Sunday. We have to pick a Sunday for "We the People". Instead of March 4th we selected February 18th.

H.M.JR: Well, what I think I ought to do, I mean about the 18th, I think I ought to take advantage of the Philadelphia one. That's on bonds, isn't it?

MR. GAMBLE: Yes.

H.M.JR: Well, I have certain things I want to talk with Herbert about. I think I ought to do that one.

MR. GAMBLE: I do too.

H.M.JR: The only one I am holding up is St. Louis.

MR. LUXFORD: You are holding up St. Louis, are you?

H.M.JR: Until I can talk to Herbert about the West Coast. I mean, right after this meeting I will phone you. You said until noon, didn't you?

MR. LUXFORD: That's correct.

Now, Saturday afternoon we went down to the House Legislative Council to discuss the Bretton Woods form of legislation. Eddie Miller of State accompanied us, and after we had discussed the matter for a couple of hours, the whole legislation, with the House Legislative Council--we also had a representative from the Senate Legislative Council there, who said that he felt that the question that was being raised was so much one of political strategy that, in his opinion, he was not competent to pass on that issue, and that was the only issue he saw. He suggested that under the circumstances, we probably would want to talk it over with Wagner and a group that he should name, because it was primarily a Senate issue, together with some of the House men. After the meeting Eddie Miller said--

H.M.JR: Who is Eddie Miller?

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MR. WHITE: One of Acheson's men.

MR. LUXFORD: He is one of the more sympathetic fellows over there. He said he felt that we should discuss this matter again between the State and Treasury, and accordingly, our meeting has been arranged with Acheson at eleven-thirty today, and we will see what happens at that point. You remember they were the ones that withdrew from any further discussion, and I think it is good that Miller has again opened the matter.

H.M.JR: Yes.

MR. LUXFORD: That's all I have.

H.M.JR: Joe?

MR. DuBOIS: I am preparing a memo which I will have for you this morning, summarizing the status of war crimes. I can give it to you briefly now, if you want it. I don't know whether you heard last night, Winchell and Pearson and several other commentators?

H.M.JR: I heard Pearson.

MR. DuBOIS: And a couple of other commentators hit it very hard. Apparently they have been interpreting Pell's resignations as representing a lack of interest in the whole thing, which isn't the situation.

MR. WHITE: You didn't hear Winchell last night? You might be interested in getting those comments about Stettinius in the State Department.

H.M.JR: What was it?

MR. WHITE: He asked Stettinius specifically why he has held this business up, and said that if he doesn't indicate it, he will publicly state to Stettinius some people in his department who are thus, and thus, and thus. He went after the State Department in a very effective way, in a very strong fashion for him. I don't know what facts he has, but--

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H.M.JR: All hitting on the Pell thing?

MR. DuBOIS: On the general war crime situation.

MR. WHITE: I don't know. He didn't mention Pell to my knowledge.

H.M.JR: What has the State Department given out with regard to Argentina?

MR. WHITE: I didn't notice, but it was in the press in which he said they will have to do business with Argentina.

MR. PEHLE: It was a letter, wasn't it? Some Congressman?

H.M.JR: Is there any way of getting hold of that? Will you ask somebody to get that for me?

MR. GASTON: It was on the ticker Friday or Saturday.

MR. WHITE: I don't know. I will get that for you.

H.M.JR: What else, Harry?

MR. WHITE: You might be interested in knowing the British have announced they have given the power to the Bank of England to call in all notes of five pounds and up, and that they want a month's notice, and that the Bank is going to begin by calling in ten-pound notes and up giving a month's notice, and they may or may not later on go down to five. I thought you might be interested in that.

On the French Lend-Lease we are not going to come to an agreement certainly in the next meeting, and if possible, we would like to have a meeting with you to show you what position we are taking, and where we disagree, before we go back to the State Department, because I know they are going to disagree.

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H.M.JR: Either you or Cox, I think it was Cox, said he wanted to see me today.

MR. WHITE: Maybe it was he.

H.M.JR: He said Clayton and you would see me today.

MR. WHITE: If you are going to see them, I would like to see you before. If you don't see them, I am supposed to see them, and there is--

H.M.JR: How much is it going to cost me to see you?

MR. WHITE: It's liable to cost you one hundred million dollars if you don't.

H.M.JR: Eleven-thirty, Mr. White?

MR. WHITE: Eleven-thirty will be all right.

H.M.JR: What else?

MR. WHITE: You said you wanted to talk with me on this letter to Stettinius about Caffrey and the State Department purchases.

H.M.JR: If you have a half-hour at eleven-thirty?

MR. WHITE: I will take that up too.

The Export-Import Bank wants to give a two-year moratorium to China on the principle only of the twenty-five million dollar tungsten loan. I think they granted a fifty million dollar loan in 1941. We think it ought to be disapproved, on the grounds that China has plenty of money, and we have taken the position that it is terribly important for China to meet this commitment. She can meet this commitment, and we don't see any reason for extending moratorium. If it is all right with you, we will extend our disapproval, because they can outvote us.

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Can I hear from you today on that speech on the 23rd in New York?

H.M.JR: That's another one I want to talk to Mr. Gaston about. This whole schedule of mine--on the 23rd I am supposed to speak about the Red Army Day in New York on behalf of Harry White.

MR. WHITE: I think a few more of those and we can put a hammer and a sickle on the stage, Mr. Secretary.

H.M.JR: I thought there was one there.

MR. WHITE: There is only a hammer.

MR. LUXFORD: I thought it was a good program, Mr. Secretary, from beginning to end.

H.M.JR: I thought it was a good one.

MR. LUXFORD: I liked the explanation of the Fund and Bank for the layman.

H.M.JR: Why doesn't somebody call "touche" for me?

MR. WHITE: A branch of the British Treasury has been urging us the last few days to elect somebody--Glasser would be the logical man--to go to Italy with their man whom they are sending from London to re-examine the Italian situation and report back to their Treasury and here. It is, in part, a stall, and in part, they have a good case.

H.M.JR: That would give me the chance I am looking for, to have--

MR. DuBOIS: Tasca.

H.M.JR: I want him to tell that story he told to me in front of some British officials. So why not let him tell it?

MR. WHITE: Yes, I know. We are a little doubtful of it.

H.M.JR: Why can't you say, "Look, Mr. Brand, before I do it, what's the use. We have had this fellow over there. He can't function. I am interested in what you are going to do with all the Fascists over there. I wish you would tell that to Sir John Anderson. You heard this story. Why should I send anybody over?" I am looking for a good excuse, and I think that is a wonderful excuse. He will just block him in everything.

MRS. KLOTZ: You answer that one, Harry. (Laughter)

H.M.JR: But that Brigadier-General O'Dwyer will be here out of uniform, and he can add his two bits, too.

MR. WHITE: You don't want to try it out on our own State Department first?

H.M.JR: Harry, tsk, tsk, tsk, why don't you just say-- (Laughter) I would much rather you didn't do it.

MR. WHITE: No, I think they ought to have it because--

MR. BELL: He wants to get it through diplomatic channels.

MR. WHITE: I am not sure of the extent to which we are cutting across--

MR. O'CONNELL: We will arrange something. (Laughter)

H.M.JR: To block me. (Laughter) That makes a good story for Drew Pearson.

MR. PEHLE: Harry was confirmed, wasn't he?

H.M.JR: Yes, and last week he was so dignified. That is the trouble.

MR. WHITE: That polish will wear off; just give it a week or two.

H.M.JR: Don't you want the story to go back that I know about this, and I am worried about it?

MR. WHITE: There is no question; I was wondering which was the best way to do it. I don't think you will have very good results with the British. They are not going to change

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their policy on that score. I was thinking the best attack would be through your own Government, not through the British Government.

H.M.JR: According to all the accounts, they have done everything they could--or O'Dwyer says he has done everything he could, and he can't get anywhere.

MR. WHITE: All right, we will see if we can't devise a program that will put a lot of pressure on them working toward that end.

H.M.JR: I think it's wonderful for me to tell Mr. Brand. I think it is natural.

MR. WHITE: I think your suggestion of having O'Dwyer there would be very helpful, particularly in civilian uniform.

H.M.JR: I have already done something about it with the British Embassy.

MR. WHITE: Then this is a follow-up?

H.M.JR: Yes, sir! I told you I was going to--

MR. WHITE: Did you get any results?

H.M.JR: I laid the foundation.

MR. WHITE: Can you tell us the name of the man to whom this is to be told?

H.M.JR: No.

MR. WHITE: Sounds intriguing. The rest can wait, Mr. Secretary.

H.M.JR: Good, because I haven't decided yet. That's why. (Laughter) All right, Harry?

MR. WHITE: The rest I will take up with you at a later period.

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H.M.JR: Mr. Daniel Bell?

MR. BELL: We got four billion, five hundred seventy-eight million dollars of the certificates outstanding on February 1, leaving four hundred seventy million out. We still get some of those, but not very many. That is about ninety-one percent. That is all right. This was a drive certificate, and we get less on drive certificates than we do on others.

We got three hundred eighty-eight million of the Commodity Credit notes, which is also a little over ninety percent, leaving twenty-four million outstanding. I have about five hundred million dollars to be paid out in cash on that.

A couple of weeks ago you had a letter from a wife of a naval officer--you may recall--complaining that she hadn't got her interest check from last June to December, and I thought you might be interested in what happened in that case.

H.M.JR: Yes, yes. I have another one.

MR. BELL: Just about eighty percent of the cases we get are of the same character. It took about a week to locate these in the General Accounting Office, and it looked as though she had endorsed the check. We thought we would just follow it up, because when we send back these photostatic copies of the checks we never get a reply. So this time we followed it up and asked her if she wouldn't please write us, and she looked at the photostat and said, yes, that was her signature, and after she saw it, she recalled receiving the check and putting it in her files and then locking her files up. But she got the check all right and just forgot it.

MR. GASTON: The check had been cleared, hadn't it? So she hadn't just put it in her files. She had put it in the bank.

MR. BELL: She got her money at the time she got it. We get hundreds of these cases, and about eighty percent of

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them turn out to be just exactly that way.

MR. WHITE: Couldn't that be given a little publicity?

MR. BELL: It costs the government thousands of dollars to check them.

H.M.JR: That's the thing I can do when I get my fifteen minutes on the air.

MR. BELL: We had six cases at the same time, and in every case the person had endorsed the check.

MR. WHITE: I heard something on the air about the Treasury investigative staff. It said the Treasury had traced thousands of cases down. It sounded very good.

MR. GASTON: I heard it on one program. Do you want some change in the method? That has been going on for the last nine, or six, or seven years. We have been getting those out every year, getting a series of stories. I don't know what their system of checking with you has been, except they usually show me the stories and ask me to approve them, which I do, and after that they have been giving them out.

H.M.JR: Let me check with Mrs. Klotz, and she will give me an honest answer. I was under the impression that any publicity story that went out had to bear my name--the stories are to go out bearing my name.

MRS. KLOTZ: I don't think so.

MR. BELL: Everything goes out in the name of the Secretary.

MRS. KLOTZ: The only way I could answer that is yes, only when it quotes you, but any release, or anything like that you have asked to see, and I haven't showed you anything--

H.M.JR: Do you mind asking Shaeffer where we stand on that?

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MR. GASTON: I don't know what the system has been as to these stories, but they have been going out regularly every year.

H.M.JR: Let's have a fresh look at it.

Norbert S. Laxima sent me a special delivery letter to the house on the Division of Disbursement. Is that you, Mr. Bell? There are three hundred thirty-one dollars involved, and he just cannot get his money. Could I get twenty-four hour service on that?

(Hands Mr. Bell letter sent special delivery to the Secretary from Norbert S. Laxima dated January 26)

MR. BELL: It doesn't say what kind of case, does it?

H.M.JR: He can't get his money.

MR. BELL: I notice last week Mr. Nunan announced that all of the income tax refund cases were going to be cleared up in two or three weeks. All he has done, it seems to me, is sort of pass the buck to the Disbursing Office. We have taken on five million, seven hundred thousand cases to pay, and got authority to work overtime to get them out as quickly as possible, but we can't get the personnel. Whether we can do it in two or three weeks I have some doubts.

H.M.JR: Tom will take that. It is something Joe O'Connell is taking up personally.

MR. BELL: We may get some letters on things of that kind, too. They were just dumped on our office Monday morning.

MRS. KLOTZ: Mr. O'Connell has been getting letters like that and has answered them that within two or three weeks they will be cleared.

MR. BELL: I hope so, but I have some doubts.

MR. LYNCH: I thought they were going to give a trial

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period before they gave a prediction as to exactly when they could give assurance of payment.

MR. BELL: The story was the Bureau of Internal Revenue was current. Of course they are, because they passed the buck to us.

You wanted to talk to Harry about the Chairman of the Federal Reserve Bank of Boston.

H.M.JR: Oh, yes. Mr. Creighton started to call me about a week ago. I don't know whether I mentioned it to you or not. He has been calling every couple days. He said he wanted to go overseas. He wants an assignment overseas, and I really have to say yes or no to him. I checked his record. I did it to see if he was a Democrat, but he isn't.

MR. WHITE: He is a very conservative Republican. Does he want to go as a civilian?

H.M.JR: Have you any use for such a man?

MR. WHITE: I am sure we can find something if you want it. I thought he was very old, in his fifties.

H.M.JR: Now, would you do this--how old?

MR. WHITE: In his fifties. (Laughter)

H.M.JR: Talk for yourself. Give him a ring on it.

MR. WHITE: In his late fifties.

H.M.JR: He is in his very late fifties. He might be in his sixties. It is nothing to me personally, except he is very friendly on Bretton Woods.

MR. WHITE: I am sure they haven't anybody there who would be any more competent--maybe less.

H.M.JR: Would you call him and let me know? I just don't want to be the sore spot up there. It isn't worth it.

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MR. WHITE: I think there may be a spot.

H.M.JR: He wants to do something to help in the war. He wants to get close to the war.

MR. WHITE: This isn't just a trip, but he wants to help in the war.

MR. BELL: He wants to get into the war effort. I believe he has retired from business, and I believe he spends all of his time at the bank.

MR. WHITE: I'll see if we can find a place for him. I'll call him up.

H.M.JR: What else?

MR. BELL: That is all I have.

H.M.JR: This article, Dan, which was given to me, in Time--it's a story of Giannini. I don't know who to hand it to. It is in Business Week (refers to article entitled "Next To The Top," in Business Week of January 27, 1945). It has a tremendous writeup on A. P. Giannini. This piece has the Secretary of the Treasury Morgenthau--I just see that they have a story which isn't too accurate on what we did. I told him he couldn't pay his dividend, and he went ahead anyway. I just wonder if this isn't the beginning of the laying a foundation of a campaign by Giannini--between him and the Federal Reserve. But it puts me in a very unfavorable light. I just don't know what to do about it. If they are going to start sniping at me, I've got a file on Giannini which I can uncork any time I feel like it.

MR. BELL: That flares up every so often, but we have nothing to indicate this is going to be a campaign. Every so often those things come out.

H.M.JR: It is personal. Nobody else is mentioned. His pet hate is me. He was interviewed and in the past he has been a very dangerous fellow. Somebody planted this story, and it goes all over the country and doesn't leave me

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in too favorable a light. If he wants to start anything, I am willing to take it on. I don't know how to watch it. Herbert, I have to look to you. With Fred Smith away we just don't have anybody doing that kind of stuff.

MR. GASTON: The people to watch it, of course, are up in Public Relations. They read the papers.

H.M.JR: It came down from there.

MR. GASTON: I'll speak to them.

H.M.JR: I don't know how good a sense of smell they have, but if there is a campaign on--

MR. GASTON: I'll talk to them about it.

MR. BELL: By the way, Mr. Eccles would like to see you on that Bank of America thing this week.

H.M.JR: Any time.

MR. BELL: If you can set a half-hour, he says, any time.

H.M.JR: Tomorrow at eleven o'clock, Bell and Eccles.

MR. BELL: All right. You might want five minutes before that to refresh your memory on what you've done on the holding company unless you remember, do you?

H.M.JR: No, no.

MR. BELL: About five minutes, I think. Maybe you should have Delano, too.

H.M.JR: Delano. Does O'Connell get in on this?

MR. BELL: Yes, certainly, the General Counsel's office was very much in on this. Herbert and all of them drew it--

H.M.JR: All right.

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MR. WHITE: What have you got on the calendar? You gave me eleven o'clock. I am seeing Judge Rosenman from eleven to twelve-thirty. I have canceled it several times, and I would like--

H.M.JR: What time are you coming?

MR. WHITE: I'm going to see him at eleven, but I'll probably be with him an hour.

H.M.JR: The only other time would be three-thirty.

MR. WHITE: All right.

H.M.JR: He is coming over at eleven?

MR. WHITE: I was going over to his office at eleven. Three-thirty will be all right.

H.M.JR: Have you something?

MR. McDONALD: Yes, sir. Mr. Secretary, we have been advised recently about the death of Peter Haggerty, who was Superintendent of the Mint in San Francisco. He was a Presidential appointee, and I understand that some candidates are being considered for that position.

H.M.JR: I don't know a thing about it.

MR. McDONALD: The second item is that Bill Taylor is scheduled to return to London in a matter of a week or ten days, as I understand it. We want to clear that with you.

H.M.JR: He is to go with Judge Rosenman.

MR. McDONALD: The third item is--you may recall some correspondence pursuant to the death of Reynolds North who was our representative in the Philippines from the Comptroller of the Currency's office. He has a son who has been in Italy for a couple of years now in combat duty, apparently, and his mother has not seen him for two years, and has not heard from him for three months.

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The question came up as to whether we should intervene to try to get the man furloughed from the Army. Charlie Bell thinks not.

H.M.JR: I sent over unofficially to General Greenbaum a case I had. Both parents have cancer, and they wanted their son back, and he said he'd give it to me, and he didn't. You might call up his office, Mrs. Klotz, and the procedure is the regular procedure you follow through with the Red Cross. You have to make out a statement and all that. The parents have to file this application with the Red Cross and then the Red Cross takes it up with the Army if they think it's a good case, and it goes through. That has been the procedure.

MR. McDONALD: That has been initiated, and it seems to be a long drawn out procedure. On the other hand, I don't know of any case where we have asked the Army directly to furlough a man.

H.M.JR: That isn't direct, but a man who is in active duty, people like General O'Dwyer, of that character, who are in active duty, not in active, but doing clerical work--

MR. GASTON: But only when we wanted him for work in the Treasury. That is a different story.

MR. McDONALD: This is the son of Reynolds North.

MR. BELL: The thing is whether we want to interfere with regular Army procedure in order for him to see his mother because of what has happened.

H.M.JR: If we start, there is no end to it. It would be a bad precedent, it seems to me, as much as I would like to help. It is a bad thing. We better refer them to the Red Cross. I would like to see the procedure anyway, Mrs. Klotz. Mr. Greenbaum was going to send it to me. He has the thing.

MRS. KLOTZ: Do you want me to call him up, follow

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it up?

MR. WHITE: I think it would be quite appropriate for you or someone to ascertain the efficacy of the procedure, but I agree we oughtn't interfere in a case of this kind.

H.M.JR: I want to examine the procedure.

MR. WHITE: If the procedure is satisfactory, you have no complaint. If it is unsatisfactory, you can complain against the general thing, rather than against the specific case.

H.M.JR: Anything else?

MR. McDONALD: No, sir.

January 29, 1945

Oscar Cox spoke to me yesterday to say that he had made no headway on the Russian oil refineries, but would let me know today.

January 29, 1945. ✓
10:50 a.m.

HMJr: Yes.

Operator: Go ahead.

HMJr: Go ahead.

Oscar
Cox: Hello.

HMJr: Good morning.

C: Oscar Cox.

HMJr: Speaking.

C: On this oil plant stuff.

HMJr: Yes.

C: Our people say that the original plants which were projected in '42 and were shipped to the USSR in the summer of '43, have not yet been installed there; that apparently Averill Harri- man and General Spaulding to whom our fellows appealed say that those plants have a very low priority inside of Russia and of the four plants that were sent, none of them are more than forty-eight percent completed; that plant No. 2, which is the -- was sent in December '43 is only eleven percent completed; and plant 4, twenty-one percent. And our people feel that to mess up the more urgent program by giving this one an extraordinary push wouldn't make very much sense. What Rudenko does is to see any of the things that are in the works and not finished and, of course, push on it, which is quite right. But they've got a fairly weak case on the thing

HMJr: Would you mind giving me a little memo on it -- just what you're telling me?

C: No, I'd be glad to.

HMJr: Then I could take it up with Pehle.

C: Sure.

HMJr: Could I get that in a fairly reasonable time?

C: Yes, sir.

HMJr: And

C: I'll get it to you right away.

HMJr: Would you do that?

C: Yeah. I'll write it out. Now, on the French thing

HMJr: Yeah.

C: What I would suggest is that if convenient for you, that you may want to call -- have Harry White, Will and I come over and talk to you about the one major question that's involved.

HMJr: Yeah.

C: Because I think you're going to have to decide that one.

HMJr: Well, if I can get them over, I can do it somewhere along about four-thirty.

C: That would be fine.

HMJr: I'll have Harry -- I'll try to organize it for four-thirty.

C: Good. Thanks.

HMJr: And we'll let you know.

C: Right. Bye.

HMJr: Thank you.

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January 29, 1945

○ Mr. Pehle:

Please speak to the Secretary about this
tomorrow morning.

Mrs. McHugh

*Pehle saw
Hunt 1/30/45.*

FOREIGN ECONOMIC ADMINISTRATION
WASHINGTON

SECRET

January 29, 1945

Dear Secretary Morgenthau:

As you requested in our telephone conversation of this morning, I am giving you the following facts about the petroleum refinery projects for the USSR:

The first of the petroleum refinery projects for the Soviet Union was approved in September, 1942. This original project was developed to replace Soviet refineries destroyed by the Nazi armies. This project consisted of six basic plants designed to produce aviation gasoline, motor gasoline and lubricating oils. The entire project is valued at \$39,600,000. It has been completely exported to the USSR. Nineteen United States engineers are in the USSR aiding in the construction. A report by the engineers as of December 25, 1944 about the first four plants which are the largest shows that Plant #1 is 49% completed; Plant #2, 11%; Plant #3, 48% and Plant #4, 21% completed.

Both Averell Harriman and General Spalding have stated that the erection of these oil refinery plants has a low priority in the Soviet Union.

On the basis of these facts, it would seem to be very unwise to have a directive issued on the production of the project which you have written about, so expediting the project as to disrupt the delivery schedules on other urgent war programs. As you know, the refinery contracts in question already have the

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highest possible priority rating (AA-1). The failure of the Soviet officials in the Soviet Union to give high priority to the installation of the oil refinery plants that they already have is pretty good objective evidence that the refinery plants on the way here are not of the most urgent importance to them.

As I also mentioned to you, General Rudenko quite rightly keeps a constant check on all items that are in procurement and tries to get them moved on as fast as possible. But we, of course, have to see that their projects do not unnecessarily interfere with more urgent projects.

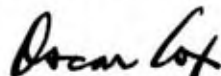
You may be interested in knowing that since the beginning of the Lend-Lease program up through November 30, 1944, we have shipped under lend-lease to the Soviet Union more than thirteen million tons of finished munitions and other vital war supplies. The shipments are running ahead of the Protocol schedules. On items that are of really vital importance a good deal of pressure and effective action has been taken. Thus, for example, in the case of transportation equipment, which is of particular importance in relationship to the Soviet advances because their supply lines are becoming further and further extended, we shipped in November 11,922 trucks, 113 steam locomotives and 1367 railroad flat cars. Since the beginning of the Lend-Lease program up to December 1, 1944, we have shipped more than 330,000 motor vehicles, including more than 45,000 jeeps.

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Reports from some of the fronts indicate that about half of the supplies for the Soviet Army are moving on lend-lease trucks. We agree with you that the Soviet program in terms of our own national interests and our combined interest with the Soviet Union in the common war is of the first importance and no stone ought to be left unturned to get to the Soviet armies the vital supplies which are necessary to defeat the Germans as quickly as possible and with the least cost of lives.

In view of your interest in the Soviet Aid Program, I am sending you under separate cover an additional copy of the secret report on the status of the Soviet Aid Program as of November 30, 1944.

Sincerely yours,



Oscar Cox
Deputy Administrator

The Honorable

The Secretary of the Treasury

Washington, D. C.

January 29, 1945
3:55 p.m.

PRE-PRESS

Present: Mr. D. W. Bell
Mr. Gaston
Mr. White
Mr. Blough
Mr. Shaeffer
Mr. Lynch
Mrs. Klotz

MR. GASTON: There is a rather routine press release. I don't think you care to give it out here; it is about making a lot of coins for foreign countries in the mint during the last year. The morning paper released it. It has been the custom that releases don't quote you.

H.M.JR: Yes.

MR. GASTON: We put them out without showing them to you.

H.M.JR: I think I might get a copy of those releases at the same time the press does.

MR. SHAEFFER: You should have had those this morning. You should have had the one you saw in this morning's paper sometime last week.

MRS. KLOTZ: Press releases? I think it is as much my fault as it is anybody's, because you have been busy and I haven't been bringing the releases to you.

MR. GASTON: About this particular release that came to my desk this morning, there is something wrong with distribution on that one, the one that appeared in the Sunday papers.

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H.M.JR: Every four years I like to check up.

MRS. KLOTZ: I haven't been bringing them in. You don't stop to read them, and I haven't been bothering with them.

MR. SHAEFFER: We allowed five days for distribution on that so they could send it out to the field offices.

H.M.JR: Why don't we do it this way? Does Mr. Gaston get them?

MR. SHAEFFER: He is supposed to.

H.M.JR: Does he read them?

MR. GASTON: A good many. Charlie has been showing them to me before they put them out. He could make a practice of sending me one of the first off the machine.

MR. SHAEFFER: There is a building list that is supposed to be supplied right immediately after the thing is run off.

H.M.JR: Do a little checking.

What are they going to ask me this afternoon?

MR. SHAEFFER: I don't know a single question except Finland's debt.

MR. GASTON: Larry Todd of the Telegraph Agency called me a little while ago, and he read this story by Mike Flynn in Saturday morning's Wall Street Journal about Russian Lend-Lease. That was the first story that went into any detail about what was said to be the sticking point on the matter of heavy machinery. He wanted to know whether the Mike Flynn story was true, and some of these other boys may ask the same thing.

H.M.JR: I have the answer on that. What about the Finnish thing, Harry?

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MR. WHITE: The Finnish situation is, the State Department has not yet declared Finland non-enemy territory; as soon as it does, the payments will be automatically made. Nor have they given us a definite statement to the effect that it is in the political interest to treat Finland as an enemy country any different than other enemy countries. They have cagely avoided that in both letters, so we are taking the position that when they--as soon as they make it non-enemy country, those funds will be released. Their letter says it is in the public interest, but they won't say for political reasons. We claim we are as good a judge as they are. We have asked them, and they have refused to tell us that. I don't know who is worrying.

MR. GASTON: Why don't we just tell them that Finland's status is not such yet that we can release these funds?

MR. WHITE: She is still enemy territory. I think they are going to change in a few weeks.

H.M.JR: I will say it is still in the discussion stage.

MR. GASTON: It hasn't been clarified yet. The situation hasn't yet been clarified.

MR. BELL: I would take the money and talk about it afterwards.

H.M.JR: No.

MR. BELL: That is a Treasury habit.

MR. WHITE: What is that?

MR. BELL: Take the money and argue about it afterwards.

January 29, 1945
4:34 p.m.

155

Operator: There you are.

Philadelphia
Operator: Hello.

HMJr: Hello.

Philadelphia
Operator: Mr. Morgenthau?

HMJr: Speaking.

Operator: Go ahead.

Philip
Murray: Hello, Mr. Secretary.

HMJr: Hello.

M: How are you?

HMJr: I'm fine. Is this -- who is this?

M: This is Philip Murray calling.

HMJr: Hello, Phil. How are you?

M: Quite well. I -- I'm giving you a ring in connection with this matter over on the Hill, you know.

HMJr: Oh, yes.

M: I want, in the first instance, to compliment you on the splendid position you have taken in regard to it.

HMJr: Thank you.

M: And I don't know what it is that we can do. I'd be willing to do anything that I possibly can, although I think that our own friend ought to do something to push it along and help us.

HMJr: You mean the President?

M: Yes.

HMJr: Well, I agree. I think that they're doing something down here.

M: Oh, I see.

HMJr: I don't think it's any particular secret but yesterday I know that Judge Rosenman was very busy all day.

M: I see. Uh huh.

HMJr: And how much success he had I don't know but he called me up last night to tell me that he'd been sort of pushed into it. Now, the unfortunate thing is that the President left

M: Yes.

HMJr: and didn't leave anybody in charge....

M: That's right. Yes. Yes.

HMJr: which is too bad.

M: Yes, that's the unfortunate part of it.

HMJr: And -- but if -- we're doing the best we can.

M: Yes.

HMJr: You know how it is without any instructions.

M: I can understand, yes.

HMJr: Is there anything in particular you had in mind?

M: Well, nothing other than I thought if something could get to him in a way that would have him, perhaps, write to the -- some of them over here or

HMJr: Well, Phil, I -- this is just for your ear -- I've done that myself.

M: Oh, you have? Uh huh.

HMJr: And I'm waiting to hear now.

M: I see. Well, then, that's about all that I know that can

HMJr: I have done that and I made the suggestion -- where a word or two from would do the most good, -- a word or two from him.

M: All right.

HMJr: So that's been done.

M: Well, that's very fine then.

HMJr: And I know where -- if he would just send a word to about two people a lot could happen.

M: Yeah. Yes, I know.

HMJr: You know.

M: I can understand so, yes.

HMJr: If Hannegan would only get busy.

M: I can understand so, yes.

HMJr: But -- it seems to me that that's his job.

M: I can understand so, yes. All right.

HMJr: But don't hesitate to call me because two heads are better than mine any day.

M: All right, Mr. Secretary, and thank you a million.

HMJr: Did you by any chance hear the broadcast -- your broadcast -- Saturday?

M: What's that, Mr. Secretary?

HMJr: Did you hear the C.I.O. broadcast Saturday?

M: Yes, I thought it was very good.

HMJr: The one I was on?

M: Yes, splendid.

HMJr: I

M: Splendid.

HMJr: I thought it was a good program.

M: Oh, it was very, very good, Mr. Secretary, very, very good.

HMJr: Yes.

M: Remarkable work.
HMJr: I was glad to be on the program.
M: Very fine. Thank you.
HMJr: Call me any time, Phil.
M: Thank you.
HMJr: Bye.

January 29, 1945
3:30 p.m.

FRENCH LEND-LEASE

Present: Mr. White
Mr. Glasser
Mr. Aarons

MR. WHITE: The boys have drafted a letter which would go from you or the Secretary or State, I imagine, on this to the French Government in which we have outlined the procedure, the net effect of which would be to reduce French balances by a net of some six hundred million dollars in a year if the war lasts that long--if the European War will last that long. (Indicates draft of a letter to Mr. Monnet from the Secretary, dated January 29, 1945.)

They will pay out a billion dollars and get about four hundred million dollars out of troop pay, so it makes a net outgo of six hundred million dollars. In addition, France will have to pay a couple hundred million dollars for other things. That's assuming the war will last.

H.M.JR: They will spend how much?

MR. WHITE: They will spend six hundred million dollars net or a billion dollars gross. They will get four hundred million dollars from troop pay if the war lasts a little more than a year more.

H.M.JR: They will gain four hundred and spend six hundred million dollars?

MR. WHITE: In addition they probably will have to spend about a couple hundred million dollars on other things, so that the net result at the end of a year would be they may lose as much as somewhere between six or eight hundred million dollars from the present position of two point three.

- 2 -

H.M.JR: Who is against it?

MR. WHITE: Huh? Well, both Clayton and Cox will be against it, but I spoke to Crowley and he wants to point out he is with you on this. Cox is a little bit oversold on the French situation.

H.M.JR: Shall I call up Crowley and tell him this sounds reasonable to me? I think you ought to say something.

MR. WHITE: I think so in order to avoid telling the French that this is specifically the balance you are shooting at. What we worked out in the letter is that the French shall get the following, and pay for the following, "Munitions and other military supplies--" that they get anyhow, that they continue to get. That may amount to, what do you think Glasser?

MR. GLASSER: It was a billion dollars last August. It must be at least a billion and a half now. And if they are going to equip these additional divisions, it may amount at the end of the year to three billion dollars.

MR. WHITE: That is what they get on military Lend-Lease now. They are giving us Lend-Lease in reverse on which I heard Oscar Cox using the figure of one billion dollars.

MR. GLASSER: The most optimistic figure we got on reverse Lend-Lease was nine hundred million. That is on the basis of a year's operation.

MR. WHITE: That is outside of this. That is going on anyhow.

H.M.JR: A billion and a half reverse?

MR. GLASSER: No, nine hundred million in reverse for a year and a half.

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MR. WHITE: Then they will get several.

MR. GLASSER: We feel that figure is bloated.

H.M.JR: You mean high?

MR. WHITE: The two things we contemplated giving them, and this is new, "Coal and petroleum would be provided on a straight lend-lease basis." Now, the figures on that are anywhere from two to six hundred million dollars.

MR. GLASSER: Yes.

MR. WHITE: In a year. The third item they will get--

H.M.JR: Over and above everything else?

MR. WHITE: They are not getting that now, and that is what we will get, Lend-Lease credit. The next is, "All costs of shipping on U.S. vessels would be provided on a straight lend-lease basis." The shipping cost is all they get, just what they pay for, and this is the chief--

H.M.JR: Tell me once more what they get.

MR. WHITE: Military supplies and munitions.

H.M.JR: How much?

MR. WHITE: It might be several billion--another two billion dollars if the war lasts another year. It might be a little more. We don't have any data on that at all. They are getting that anyhow, without Lend-Lease arrangements, and we hold Lend-Lease in reverse for what they are giving us in return for that, and not in return for what we are going to give them on non-military goods. Now, on non-military goods what we are contemplating giving them is coal and petroleum, which may amount to from two to four hundred billion dollars. I don't think they will

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get much coal because there isn't much coal to be given. According to their plans, they will get that much. The third item will be all costs of shipping on U.S. vessels. Those are the three they will get.

H.M.JR: Aren't they going to get any structural steel to rebuild bridges?

MR. WHITE: No. There are two other categories. One is long-life industrial goods, in which I think structural steel and others would be included.

H.M.JR: Yes.

MR. WHITE: And that would be supplied on a cash or credit basis, but probably on a credit basis, with the stipulation that they would pay upon completion or before twenty-five percent of the value of these items, the balance to be paid under arrangements to be negotiated later. They pay twenty-five percent down and contemplate making that long-term credit arrangement.

H.M.JR: Is that part of the one billion dollars?

MR. WHITE: Yes, the twenty-five percent will be part, yes.

H.M.JR: And the rest?

MR. GLASSER: The rest would be on credit--3-C credit.

MR. WHITE: The rest of the bill would be for consumers goods of various kinds. That is the third item. That is where there is a difference of opinion. Will Clayton would give them this on Lend-Lease, and we want them to pay cash, on all civilian supplies including raw materials, food, and other items sent to France. Now, there are some of those items that they claim they need, such as raw materials to produce munitions which are going to be used in the war effort. We say for that proportion of raw materials they will get a rebate, and we have some suggested way of working that out roughly.

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MR. AARONS: That's the most startling thing about Cox's position. They want to give them these civilian supplies on a straight Lend-Lease basis, whereas now the French are paying cash for those under the interrim arrangements we have with them, and there is no basis for their changing over, except they say they want to treat the French like the British and Russians, and we feel strongly that we ought to continue that on a cash basis.

MR. WHITE: As long as they have the position they have. Then there is another paragraph--

H.M.JR: You are not presenting this in the usual way. I don't know why it is different. It is much more difficult for me to understand it.

MR. WHITE: It's in the letter. I was trying to bring out the points.

H.M.JR: I am not getting it. Do you mind if I read it?

MR. WHITE: No, it's in there.

H.M.JR: Maybe I'm not good today. I'm not getting it. (Reads letter) Isn't this a big loophole, "...with the stipulation that you would pay upon completion or before 25% of the value of these items, the balance to be paid under arrangements to be negotiated later"?

MR. WHITE: It could be except this all relates to, and should be related to, the requisition they have already submitted, so that sets a ceiling for the amount, but they intend actually to make it on a credit basis. Now, we say cash or credit. They may object to that. I mean, I think Cox and Clayton would object to that. They should say on a credit basis with a twenty-five percent down payment, and the remainder in terms to be settled. Do you remember what that was?

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MR. GLASSER: This item is one billion and a quarter.

MR. WHITE: I think there is one thing missing in this letter. We don't relate it to the proposal they have submitted.

MR. GLASSER: This is FEA's arrangement, a cash or credit basis, and the credit terms, if there are to be credit terms, are to be negotiated later under 3-C.

H.M.JR: Of course, what we are doing there, I don't suppose I can avoid doing it. You are doing the whole thing at one time. It seems to me you are telling them about the cash business.

MR. WHITE: We are telling them that in a way that isn't objectionable.

H.M.JR: Of course, I can take the other side for a minute. You didn't ask Russia how much gold she had. If she had it over here you would, but you didn't ask her. Of course, England did use up her money. Supposing the war is over by the First of July? What would happen?

MR. WHITE: They would be out by the first of July--probably less than two hundred million dollars. They would have about two billion dollars, and they would be getting credit--on long-term credit--whatever goods they placed on order.

H.M.JR: They didn't have to pay twenty-five percent down on long-term credit.

MR. WHITE: And the rest on long-term credit by the first of July. I asked Oscar what he thought would be delivered of those goods by the first of July, and he said somewhere between one and two hundred million dollars. Will Clayton didn't think it would be as high as two hundred million dollars.

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H.M.JR: Our troops aren't going to be pulled out by the first of July even if the war is over. They will keep on spending.

MR. GLASSER: France would be the area for the troops occupying Germany.

H.M.JR: That would go on for this calendar year.

MR. WHITE: I don't know how much they would get that way.

H.M.JR: They would bring the maximum amount of troops out of Germany and let them rest in France rather than Germany. It is just the shipping question-they can't get that.

MR. WHITE: I suppose they might get another one hundred or one hundred and fifty million dollars.

H.M.JR: One of the ways to sell this to Monnet is to say, "You can make your own guess as to when the war will be over. If it is by the first of July, it is an extra good bargain for you." We can't get troops out of there.

MR. WHITE: The shorter it is, the less meaningful.

H.M.JR: The shorter the war, the better bargain it is for them.

MR. WHITE: On the point you mentioned there are other offsetting difficulties, the chance that they might get shipping and coal for nothing, under this arrangement, and they can order a lot more.

H.M.JR: Doesn't it end when the war ends--the coal and oil?

MR. WHITE: That's one of the points we want to raise. That is why we have this paragraph. We were going to rewrite it. We talked about it before coming in here, the last paragraph.

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H.M.JR: Before we go into it, I think I am going to call Leo Crowley, see? I am going to tell him about a conversation I had at lunch with Forrestal, and Forrestal said, "Henry, you don't mean to say you had to argue with Will Clayton about this? You are supposed to be a liberal spender," and so forth, "arguing with Will Clayton to be careful about taxpayer's money." He said, "I just can't believe it. What a story. Furthermore, you are absolutely right, and you are in a terrible position to give these people anything unless you can make them spend any of their own money."

MR. WHITE: Crowley agrees with you?

H.M.JR: Yes, but I want to tell him of the conversation I had.

MR. WHITE: This meeting at five o'clock is on this? You called it on this?

H.M.JR: Yes, Oscar called me up and asked me to organize this meeting.

MR. WHITE: I see.

H.M.JR: What I want to say to Leo is that I hope he will make it perfectly clear that if he--

MR. WHITE: Before Oscar comes over here, so it will be a little easier.

H.M.JR: This is being tough about this, but on the other hand it is damned hard to explain when they have two billion three hundred million dollars in gold that they shouldn't spend some of their money, and of course, from the standpoint of the President, I have always taken the position that as long as they have that, they are going to be independent as hell!

MR. WHITE: They won't actually if the war lasts. If it doesn't last beyond June, they won't get much, but neither will they spend much on this basis.

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MR. GLASSER: However, this will continue after the end of the war in Europe unless this Government does something to stop it.

MR. WHITE: That's why we have this last paragraph which Oscar wants to leave vague, but we feel shouldn't be left vague. We are going to spell it out a little more carefully that it shouldn't be renewed, not only periodically, but immediately after VE Day.

H.M.JR: Crowley doesn't sit down and try to bull this thing out with these fellows. Why do I have to? I am in for it now, but I think I am going to tell them how I feel. I am not going to fight each paragraph.

MR. WHITE: Are you in favor of this convenient approach of having them get a coal order for nothing?

H.M.JR: I think we ought to give them something.

MR. WHITE: You can't give them much more than coal and oil unless you give all civilian requirements.

MR. GLASSER: We are giving them seventy-five percent of long-life industrial goods on a credit basis.

H.M.JR: Why can't you give them more?

MR. GLASSER: The program isn't big enough.

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

January 29, 1945
3:48 p.m.

HMJr: Hello.
Operator: Mr. Crowley is out of the city until Wednesday.
HMJr: Oh. Let me have Oscar Cox.
Operator: All right.

3:49 p.m.

HMJr: Hello.
Operator: Mr. Cox.
HMJr: Hello.
Operator: Go ahead.
HMJr: Hello.
Oscar
Cox: Yes, Mr. Secretary.
HMJr: Oscar, before you came over at five, I just
wanted to tell you about a conversation I had
at lunch with Jim Forrestal
C: Yes.
HMJr: who is interested in this French matter.
C: Yeah.
HMJr: And when I told him about the position that I'd
taken vis-a-vis Will Clayton
C: Yeah.
HMJr: he just couldn't believe it.
C: Uh huh.
HMJr: Because he thought the situation would be just
the reverse -- that Will Clayton would be fighting
to save the money and I'd be fighting to be generous.
C: Right.

HMJr: And he said for us to go up on the Hill with England -- France having two billion, three in their vest pocket, he just thought it was suicidal, and he is in complete agreement with my program. I just thought I'd tell you that -- how an outsider felt. I mean, outside

C: Well, that's what I tried to indicate to you before, that most of the people -- at least that we've seen in the Government, thought it should have been the other way. But

HMJr: Which way?

C: That State would have been pressing the position you've taken and so forth. I'd like to talk -- when we get together this afternoon, I'd like to talk about the protocol thing because I think on that, depending on what you do, Jim is over-exaggerating the thing.

HMJr: Well

C: But that

HMJr: Well, I don't, but I just thought you'd be interested

C: I certainly am.

HMJr: because how a man like Forrestal with his background and everything feels. He just felt that State would be -- you know -- the situation, as you put it, would be reversed.

C: That's right.

HMJr: Well, I -- we'll talk, but I wanted to tell you about it.

C: I sent you over that Russian thing. It's probably just about arrived.

HMJr: Oh, yeah, I haven't got it yet, but they'll send it in.

C: Fine.

HMJr: Thank you.

C: Thank you very much.

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MR. WHITE: You can put that fifty percent down payment and then compromise on twenty-five. If you get much lower than that they are not going to use much of their gold.

H.M.JR: Well, look, let's leave it this way. If this is the way you have to do it to get the results-- and this letter shouldn't go from me anyway.

MR. WHITE: No, it should have gone from State.

H.M.JR: Let's cut this top.

MR. WHITE: We have to rewrite it anyway. Their compromise would be to keep that twenty-five percent, or maybe even raise it to fifty on the long-life goods as a down payment. Get the gold that way and give them the civilian stuff for nothing. That's what Oscar Cox would like to do.

H.M.JR: Get the gold on a down payment.

MR. WHITE: Increase that and give them civilian stuff for nothing.

H.M.JR: It would taste better, from the public standpoint.

MR. WHITE: The only difficulty about that is you have to pay for that stuff anyhow. It is a question of paying for it sooner than later.

H.M.JR: If they get a down payment on that, you get it. It sounds better than giving England--we are giving England civilian stuff for nothing. I think it sounds better. It sounds better to me.

MR. WHITE: I will tell you why I don't think it makes a lot of difference--because I don't think the war is going to last very long.

H.M.JR: I agree with you the way it looks today.

MR. WHITE: Maybe for political reasons France would be better off.

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H.M.JR: How about U.S.A?

MR. WHITE: The U.S.A. would be losing, because she is going to get this money for the long-life stuff anyhow, except she is going to get it over a long period of years.

H.M.JR: I think from the standpoint of public relations--I think this latter way looks better and sounds better.

MR. GLASSER: It is better in this sense. We would send those supplies in whether France paid for it or not, because most of it comes under the Military Program of preventing difficulties and unrest. It is just giving nothing for Italy.

MR. WHITE: I thought they were going to pay us for that.

H.M.JR: I am going to have to stop now. You will have another chance.

MR. WHITE: Why don't we draft this as having them pay for civilian goods, and if you want to know--

H.M.JR: No, no, no! Between you and myself I would much rather give in to Oscar before he comes over. I don't want to trade.

MR. WHITE: What is your final position?

H.M.JR: Let them have the civilian goods free, if that is what we do with England.

MR. WHITE: With the exception of raw materials which go over to exports, we can put the same conditions.

H.M.JR: Do you agree with me?

MR. GLASSER: I am inclined to think so.

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MR. AARONS: I don't like it, Mr. Secretary.

H.M.JR: It looks better. I think they have much less chance to kick and then we have taken fifty percent down on long-life goods. I prefer it. Do you care much, Harry, one way or the other?

MR. WHITE: No, because maybe other people don't agree with me.

H.M.JR: If you don't care, I think it tastes better.

MR. WHITE: The only question is whether we can defend it, whether you can defend it. Let's go back and talk about it a little more.

January 29, 1945
5:00 p.m.

FRENCH LEND-LEASE

Present: Mr. White
Mr. Glasser
Mr. Clayton
Mr. Cox
Mr. Mitchell
Mr. Ferguson
Mr. Aarons
Mrs. Klotz

H.M.JR: Did Mr. Cox come over all alone?

MR. COX: I could have brought somebody who could talk better than I. I didn't know I was going to be outnumbered.

H.M.JR: Don't you need a lawyer or something?

MR. COX: I need a lawyer. Give me Buzz; I'll take him any day.

H.M.JR: Thanks for coming over.

Mr. Clayton, the floor is yours.

MR. CLAYTON: Mr. Secretary, we have looked over this memo that Mr. Cox handed to Mr. White at a meeting in my office. I don't know just when, but it was Friday or Saturday. We think it offers a very good basis for discussion on the French Lend-Lease matter. I don't know whether you are familiar with it.

H.M.JR: I have seen the Treasury one.

MR. WHITE: We drafted something on the basis of that which would be a letter which would come a little closer to what we think would be appropriate, although much of it is in that.

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H.M.JR: I haven't seen the Cox memo; could somebody-- you keep it and tell me what is in it.

MR. CLAYTON: Would you like to summarize it?

MR. COX: Harry had a copy, and his modification might cover it. The major backbone was, one, that certain items would be paid for in cash currently, such as vineyard stuff, copper sulphate, sulphanilamide, copper, and other politically vulnerable items such as tobacco, somewhat on the line of the British; two, that the capital goods, which amounts to sixty percent of the total program, or a billion and a quarter, should be on a 3-C basis by which the war use, if any, is Lend-Lease, and the residual value to be paid for by the French; three, that the consumer goods such as cotton, wool, and so forth, would move as straight Lend-Lease until a point was reached where it was decided not to be directly in relationship to the war, which might happen after Germany was out--in terms of the Jap war.

Now, the central question that is involved is, what should be the rate of decrease of the gold in dollars? We put it in this particular form for the reason that it was the easiest way to explain it to Congress because it follows almost identically the pattern in the case of both Britain and Russia in finances, and, too, vis-a-vis the French people; if they should ever tend to shift the blame in the future, it wouldn't be painted up mainly and solely as discharging gold from the French.

Now, the key point of the whole thing really comes down to what you want to do with their gold and dollars. If you want to make them use it up very quickly, you provide for heavy down payments on capital goods; it is a billion and a quarter, or if you want to take another attitude, you decrease the payments made in the early days.

They have to pay cash in any event for about fifty million for the North Africa account, which is still due and owing for past stuff. In the future the proposal is that they continue to pay for civilian goods for North Africa, because it is so far removed from war. They have to pay for plan A.

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H.M.JR: Fifty million dollars for French Africa, and during this calendar year how much more would it amount to?

MR. COX: The estimate for '45 is twenty-five million, and the first six months of '46, twenty-five million.

H.M.JR: You are talking about the fiscal or calendar year?

MR. COX: From now until July 1, 1946.

H.M.JR: How much all together?

MR. COX: One hundred and ten million. With the fifty million it would be one hundred and sixty million.

H.M.JR: One hundred and sixty million?

MR. WHITE: That is for eighteen months.

H.M.JR: Just a minute--one hundred and sixty--am I right? It is too bad we can't make these things sort of three cornered and bring Doctor Kung in this thing. He would be on my side, and we would really get somewhere.

MR. COX: Don't you want Keynes in, too?

H.M.JR: No, no. If I want somebody to trade on my side, I want Kung. I want a good heart, a sound heart.

MR. COX: I can understand that.

Now the other current payments--I don't know whether they are current, but the amounts due on plan A--now, we can't find out what is due under plan A, how or when you settle it, but presumably there may be something due.

MR. WHITE: There may be as much as one hundred million, unless they give it up.

H.M.JR: I don't know what plan A is.

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MR. COX: Civilian supplies which are handled by the Army under the civilian supply program for which the French are obligated to pay cash, but as Harry has mentioned to you, it is a complicated bill.

H.M.JR: Is that roughly one hundred million?

MR. COX: From sixty to one hundred million.

MR. WHITE: It could well be one hundred, and it might even be two hundred.

H.M.JR: This is for eighteen months.

MR. WHITE: For eighteen months it would be more than that; I think it would be one hundred or two hundred for a year, but eighteen months would be more than that.

MR. GLASSER: Plan A, as originally designed, allowed as much as six hundred million for the French.

MR. COX: They haven't supplied that much; they have only delivered ten percent of it.

If you put it at sixty million, you would be within practical range.

H.M.JR: Do you gentlemen from State agree?

MR. WHITE: Assuming that you are going to wipe it out when you begin this, you won't have them pay cash for civilian goods they get from the Army, and they'd get stuff from FEA for nothing.

MR. COX: That is one of the purposes for washing it out.

MR. WHITE: They have already committed themselves to pay for Army goods, and we are now going to give them an arrangement under which they get that for nothing for the future. The French Army program would stop.

H.M.JR: Let's get this thing. You fellows have been living with this, and, as I understand it, up to now the Army

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is supposedly taking care of the market gratis. Is that right?

MR. COX: No, they have taken care of the civilian population for the purpose of soup kitchen stuff to prevent unrest and disease, and the French are obligated to pay one hundred cents on the dollar for food and clothing. That is plan A, and that will be cancelled when this new Lend-Lease goes in, and they will receive civilian goods for nothing.

MR. FERGUSON: Not for the past, only for the future.

MR. WHITE: You are sure they won't get it for the past? That is a positive statement?

MR. FERGUSON: That isn't what you are suggesting.

MR. COX: The reason for knocking out plan A is not financial; the primary reason is the matter of supply and procurement.

MR. WHITE: When you are knocking it out, you are not knocking the amount they have received up to the moment of this and for which they are supposed to pay.

MR. COX: No, and there is no proposal that that be done, and furthermore--

MR. WHITE: But to date you haven't gotten any money, because you don't know how to submit a bill.

MR. COX: That is your job, it is not ours.

H.M.JR: Look--

MR. WHITE: I just want to make sure they are not going to say it is so difficult to collect because they are going to kick that out.

MR. COX: This is the Army, just on that point; the Army was going to bill them for it, and they haven't. When the Army is going to bill them, I don't know.

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MR. CLAYTON: As Oscar said, Mr. Secretary, quite irrespective of French Lend-Lease, there is under serious consideration the agreement that the French civilian requirements shall be a French national program and is to be run by them, subject, of course, to allocations and priority, and so forth, in this country, which they understand. But if that is adopted, then what we have referred to as plan A would go in--would drop into that French national program and would lose its identity as plan A.

H.M.JR: But the point that White is trying to get over to me is what the French are supposedly now paying for when the new plan goes in--they will not pay for this.

MR. CLAYTON: There will be Lend-Lease when we sign a Lend-Lease agreement with them.

MR. COX: Right.

H.M.JR: You made that point.

MR. WHITE: But I made a second subsidiary point, and that is that there is some sixty-billion-dollars worth which is already in.

H.M.JR: You question that they are collecting that.

MR. COX: All right, in addition to sixty million for plan A, it is estimated that they will have to pay one million dollars in cash for things like vineyard supplies and other politically questionable items over the next eighteen months.

H.M.JR: You call vineyard supplies politically questionable?

MR. COX: Wouldn't you?

H.M.JR: No, not if it was good. It depends on how good it is.

MR. COX: It is goods vital for the war, but we haven't yet convinced the Congressmen of that.

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H.M.JR: You haven't been going at it right.

MR. COX: You could let us--the big item is for capital equipment which in this eighteen-months program amounts to an estimated one billion and a quarter, and the central question is, how much of that do you want them to pay for currently and how much do you want to stretch over a period of years? That is where your big play is in terms of--

H.M.JR: What is your suggestion?

MR. COX: My suggestion is that they be required to pay cash on all the items up to the capital account item, and on that they--

H.M.JR: Excuse me, that is three twenty?

MR. COX: Three twenty-one.

H.M.JR: Where do you get the one?

MR. COX: That's fifty-one.

MR. WHITE: The estimates on the others are plus or minus; I wouldn't worry about that.

MR. COX: Now, I would suggest two other things, one is that maybe on the French capital goods thing they pay the first year one hundred million, which would bring you up to four twenty-one, and that the interim arrangement, which is cash on delivery until the new agreement is signed, be worked out by having them pay cash for the stuff that has been supplied under that agreement, which will depend--

H.M.JR: You have got to spell it out a little for me--

MR. COX: Let me tell you what we did to effectively supply stuff. We said, "If you will sign an agreement with us by which you agree to take, if we procure, and pay us cash on delivery, subject to whatever Lend-Lease agreement

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is worked out in the future--" now, if the agreement is signed on Lend-Lease, say, in the next couple of weeks, I imagine that may run fifteen to twenty million dollars on stuff that has actually been procured and delivered under that arrangement. If you get up to five hundred million in the first year or eighteen months, where you are going to run into a heavy load on that dollar thing is this: This is based on the theory the war will last until July, 1946, which I don't think it will. That is the President's line in the Budget, and so forth. If it ends in any lesser period, then they get very little in Lend-Lease, and their dollar expenditures go up, because they have to buy more stuff for cash, and they will probably have to start on a reconstruction program.

Their original program submitted to us was in excess of four billion dollars. We cut out over two billion on the ground that it was not for war use; it was for the strictly post-war reconstruction program, and they better handle it accordingly. This excludes all other purchases that have to be made in any part of the world for which gold and dollars are required. They have a program for that from non-U. S. sources. You have got to subtract from that the, what I would call, politically questionable goods, amounting to two billion twenty-one. In going up to the Hill, I would have the shortest, simplest answers; we are handling this substantially like the British and Russian Lend-Lease. Things directly connected with the war, whether it is copper to make shells, or food to supply minimum existence, are to be straight Lend-Lease. Capital goods, which are things which will have a predominant post-war value, in addition to war value, are either obtainable under cash or credit basis, but not straight Lend-Lease. The questionable things bought outside the United States, the so-called off-shore purchases, they are going to have to pay cash for.

H.M.JR: You haven't mentioned troop pay.

MR. COX: There are two things I have left out of here, cases that are peculiarly in your field, one, present gold and dollar position, and, secondly, their receipts. We have some estimates, but I would rather

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rely on your estimates as to troop pay, exports, and emigrant's remittances.

H.M.JR: White gave me a figure of four hundred million.

MR. WHITE: That is troop pay over the next year, but the other items we haven't estimated. We haven't attempted to estimate their future balance of payments. That is one of the things we wanted to discuss with their finance ministers, or with Monnet. Monnet wants this thing settled. I don't think it will make a great deal of difference, but the picture of their balances as you have given it is a little darker than what it actually will be. If you take the next six months, I think you will find their balance is already reduced very little.

H.M.JR: Are you through? I thought it was the sort of formula that we could increase or decrease, depending on how much gold you have gotten as the down payment on the capital goods.

MR. COX: That is right.

H.M.JR: And at present your program--am I talking about the right thing?

MR. COX: Yes.

H.M.JR: I didn't know if I was talking too loud. Sometimes I find myself shouting. Was twenty-five percent your proposal?

MR. COX: No, my proposal would be--I mean, I think you are up against a major policy question.

H.M.JR: That is what White told me.

MR. WHITE: We didn't state any figure when--

H.M.JR: I thought you were going to ask for twenty-five percent down.

MR. WHITE: We talked about twenty-five percent, but we didn't mention anything; that was our--

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MR. COX: You are now up against the major policy question, Mr. Secretary, which I think you bear primary weight on. My feeling on the merits and politically is this, that, one, before you march up to the counter with the French, I would be sure of picking a figure that you could make stick as against the British experience, because my hunch is they will act somewhat the same way.

H.M.JR: The British vis-a-vis the French, or us?

MR. COX: Us. And these fellows are going to be tough on it, use everything. It will go back to the President and you, and that is one consideration in the picture.

The second thing is what ought to be done on the merits in terms of the thing in relationship to our domestic political thing. My hunch is if you squeeze them too hard, what you are going to have happen is, a good deal of capital goods stuff will not be ordered in the U. S. because they will say, "The practical thing for us to do is go to the U.K. or Canada and see where we can get the best terms."

H.M.JR: That is kind of a weak argument.

MR. COX: How is it weak?

H.M.JR: Oh, well, I don't think that we have to worry about England making better loans than we do.

MR. WHITE: No. In the first place, if they get it in England--England wants that sterling as much as a hole in the wall.

MR. COX: It is a factor in the picture, but not a primary factor.

H.M.JR: If you don't mind, it just doesn't ring a bell with me. It may with somebody else.

Well, to boil this thing down--I had a little time before with White, but not much--doesn't this thing really

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get down to two questions of difference? If I am wrong, I wish you would restate it. One, do we want to give them from now on civilian supplies in the form of Lend-Lease instead of having them pay cash? And, two, how much down payment should be on capital goods? Aren't those the only two points of difference?

MR. CLAYTON: The principal one is the consumers supplies, whether you want to give them those under Lend-Lease.

H.M.JR: Yes. Do you think that is the principal one?

MR. CLAYTON: I would think so from the point of view of the effect that this arrangement may have on their gold and dollar balance.

H.M.JR: How about down payment on capital goods?

MR. CLAYTON: That is one billion, two hundred and fifty million. It is largely a question of how long you think the war is going to last, because I am not making any predictions about the end of the war. I think Oscar probably would agree with me that if the war should end this summer, they will not have gotten much of that industrial equipment on Lend-Lease, because it is going to take some time to fill those orders; and if the war should last until summer, most of that stuff they will get on credit terms if they take--

H.M.JR: I am not sure that I understand it. As I understand it, they want a billion and a quarter capital goods which we expect them to pay for by giving them long-term credit. Is that right?

MR. CLAYTON: We expect them to pay for whatever is not lost, destroyed, or consumed during the war, that they have when the war ends, you see. Whatever is left, in other words. Suppose there is a plant that has been built in France. They have to pay us for the existing value of that plant on credit terms. For all the stuff that has been ordered that they haven't got, they pay on credit

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terms, as I understand Oscar, for the full invoice value of the goods.

H.M.JR: I haven't got that yet. Give me a specific example.

MR. CLAYTON: All right, take for example locomotives. If they get, say, two million dollars' worth of locomotives before the war ends and they have taken delivery of them, they get them on Lend-Lease, but they must pay us for the value of those locomotives on credit terms at the end of the war. The locomotives, presumably, are still in service and still of some value; and whatever that value is, the French have to pay us on 3-C terms at the end of the war. Now, take this other--

H.M.JR: At the purchase price, or the depreciated value?

MR. CLAYTON: At the value.

MR. WHITE: Value at the end of the war, which might be anything. If the war ends today, it might be ninety percent; if it lasts six months, it might be fifty percent. I don't know who is going to determine it, but it will be at the market value.

MR. COX: The determination proposed by the U. S. Government, as a simple illustration, is that if the locomotive, which is worth a hundred thousand dollars and is assumed to have a ten year life, is used for a year in the war, they will pay ninety thousand dollars if that is the way it is determined, solely by the United States Government.

MR. WHITE: Is that the principle?

MR. CLAYTON: The point is, if they have that locomotive, take delivery of that locomotive before the war ends, they are going to use that locomotive in common war, use it in France to help move troops, supplies, and so forth, and therefore, it is a proper item of Lend-Lease, but if they retain the locomotive after the war, they must pay us then

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for the value of that locomotive. Let us take another aspect of it. They wanted a locomotive. It is about completed and about ready for delivery. If the war ends then, they must pay us the cost of that locomotive on 3-C credit terms.

H.M.JR: We haven't an arrangement like that with Great Britain.

MR. COX: They didn't want the credit; they have been buying equipment on a cash basis.

H.M.JR: How about the Russians?

MR. COX: The Russians have been offered that, and that is in Moscow now for consideration.

MR. CLAYTON: If they accept our proposal, that is exactly the basis we would have with the Russians.

MR. FERGUSON: It is a little different, because the Russians don't pay you the remaining value of the capital goods.

MR. COX: Original cost less knock-off.

H.M.JR: This has never been explained to me before using locomotives as an example. You have got one million dollars' worth of locomotives delivered while the war is on. This down payment has nothing to do with that.

MR. CLAYTON: They don't pay anything.

H.M.JR: They get one million dollars worth of locomotives. The down payment we are talking about is when the war with Germany stops?

MR. WHITE: No, what we were talking about is, supposing the locomotive was worth one million dollars and they determined it was half used; then there is five hundred thousand dollars due. They may have paid that, or a portion of it, a long time ago in this down payment when they received it. That payment applies to whatever they owe in the future.

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MR. FERGUSON: You make your credit arrangements and charge them as you go along, but as of the end of the war, if they have paid ninety thousand and you determine it is worth ninety-five instead, they pay you five more.

MR. WHITE: It is possible they--

MR. MITCHELL: I don't understand when they pay the money and what it is.

MR. COX: You take this agreement which has certain credit terms. Now, in the Russian proposal they are given a period of grace until the end of nine years when they don't have to make any payments at all. What was proposed as a possibility in the French case is that they make this agreement to take all this stuff no matter when the war ends. So if it is half finished, they still have to take it, and the schedule of payments can be arranged any way you want them. You can say that the day they sign the agreement they pay one hundred million dollars and every year thereafter they pay one hundred million until it is paid up. You can adjust your schedule.

H.M.JR: I still say this thing just doesn't seem possible if it is the way I understand it. I know quite a lot of what happened after the last war, and what we got and didn't get. The biggest loans we made were for goods after the war stopped. That is when our biggest loans were made, and we never collected a dollar. And if you think you are going to collect one dollar on a million dollars worth of locomotives which were delivered to the French while the war was on, we are not being very realistic.

Now, we didn't do it last time, and we won't do it this time.

MR. COX: I am not sure that the two are analogous, Mr. Secretary, because in addition to that, you had the war debt, plus the post war thing; they defaulted on both of them.

H.M.JR: Let me go back to my objective, which was a very simple one. This thing is getting more and more

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complicated as it is beginning to unfold. I simply felt, and still feel, that the French should spend some of their two billion three, and I feel we should come to an agreement with them on that before we finally agree to Lend-Lease. That is what is motivating me, and nothing else. How can we get them to spend some of their own money simultaneously as we provide them with goods of various kinds under Lend-Lease? To me this thing is very unrealistic. I mean, if you sit here and tell me that I should render them a bill and say they used those locomotives for twelve months hauling our troops and supplies across France and render them a bill, as you put it, for ninety percent of the cost, they would never pay it, and we would never collect it.

MR. COX: Mr. Secretary, you have put your finger on the central point, and you have still got one phase of it, and that is, how much do you want them to use up their gold and dollars in the next year or the next eighteen months?

H.M.JR: I can give you an answer on that.

MR. COX: Once you answer that question, you can work up.

H.M.JR: I can give you an answer on that, and I don't know whether my people--if I could be shown that during the calendar year, see--this year--that the French would spend five hundred million dollars--I mean, five hundred million dollars this calendar year, or seven hundred and fifty million dollars for eighteen months--I would be satisfied.

MR. COX: You can do that pretty easily. I agree, there is no doubt about it.

H.M.JR: No monkey business.

MR. COX: I think the way to do that is to--

H.M.JR: If at the end of eighteen months their balance, which was two billion three, would be reduced seven hundred and

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fifty million dollars, I would be satisfied. That is my objective. I don't know whether Mr. Clayton agrees or not.

MR. CLAYTON: I beg your pardon.

H.M.JR: He asked me a point blank question of how much I would want the balance reduced by, and I said between now and July, 1946 if their balance actually was reduced by seven hundred and fifty million dollars by spending--their gold balance--in this country, I would be satisfied.

MR. CLAYTON: I have an idea they would consider that an excessive amount and--

MR. WHITE: Fifty million a month?

MR. CLAYTON: ...would greatly resist it. I think that this schedule that Oscar has outlined here--this program--would probably mean an actual reduction of somewhere around five hundred--seven hundred and fifty million dollars by the summer of 1946. We have made a rough estimate here that it would mean more than that, but I would think that conservatively figured it would mean a reduction of around five hundred or seven hundred and fifty million dollars. I do not know, Mr. Secretary, how much they would be getting in from troop pay and from exports and other counts, and the answer depends a good deal on that, but if you take their balance as it is today and figure the cash that they would have to lay out in this program that FEA has put up, I think it would be a seven hundred and fifty million dollar reduction in eighteen months time. Do you agree with that estimate, Oscar?

MR. COX: Yes.

MR. WHITE: If they agree on the amount of reduction, Mr. Secretary, then we can get together on the facts and see roughly how much per month of net expenditure it is necessary to make in order to move in that direction, so that should the war stop three months from now, for example, they will have reduced it the three-month

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portion of the eighteen months, so at least you could say that if they continue it at this rate for eighteen months they will have reduced their balance by seven hundred and fifty million. I think I see a way to accomplish that. But if that is the objective, we have got to have some more discussions with the French as to how much they are getting in, and so forth, because those figures don't jibe with ours.

H.M.JR: May I go back to what Mr. Clayton said? In one breath you said that the French wouldn't stand for this, and then in the next breath, as I understood you, you led me to believe you would accept Oscar's proposal which he says would accomplish what I suggested.

MR. CLAYTON: What I said, Mr. Secretary, was that I do not know the dollars that would be flowing into them from other accounts, and that, of course, might have a substantial difference as regards the eventual balance that they would have. But from the point of view of the actual outlay that they would take out of their existing balance, it certainly would be seven hundred and fifty million, we think, in the next eighteen months.

H.M.JR: Gross outlay?

MR. CLAYTON: Gross outlay out of their existing balance. I don't know how much that would reduce their balance; that might be a different figure. I would just like to say this, that I think that our relations with the French Government are deteriorating at a pretty rapid rate because of three counts, the delay in the Lend-Lease matter, the fact that we have not yet been able to work out a national procurement program for them--it is still being done largely by the Army--and the fact that whenever we promise anything on ships or supplies or that sort of thing, something happens that they don't get it. So they are beginning to feel that they are being treated as a stepchild, and are treated in a different way from other nations, as, for example, Great Britain and Russia and even the Latin American countries. Now, I don't say that there is any justification for it. I only say that I do think they have that feeling, and I would like to add that

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any agreement we arrive at about Lend-Lease and the effect that will have on their gold and dollar balance, I would like very much to be put in the form of not stipulating that they must by a certain time reduce those balances by an X amount.

H.M.JR: We would go along on that.

MR. CLAYTON: That, we figure out for ourselves, is what our program would probably accomplish, and we would put it up to them in that way without saying this to them, "By a certain time you must have this much less than you have today," because they will deeply resent that.

H.M.JR: We will go along with you on that. You will have no trouble with us on that. White is in agreement on that. But, Mr. Clayton, may I go back a minute? I have to do some of my homework with your assistance.

I would like to raise a fundamental question outside of balances which is, why should we say to the French, "We will sell you a million dollars' worth, or let you have a million dollars' worth of locomotives under Lend-Lease and at the end of twelve months if the war is over we will evaluate those things"? I take it that when you let them have one million dollars' worth of locomotives under Lend-Lease you are satisfied, because in the spirit of Lend-Lease, why isn't it to be settled at a subsequent date the way with all the Lend-Lease agreements as to what the final settlement is going to be?

MR. COX: There are two ways of handling that, Mr. Secretary. The reason for this proposition is this: We say the war use is charged up as Lend-Lease just like anything else is. But since the locomotive has a much longer life in terms of peacetime use than a gun or a tank, that the residual value, which is one hundred percent post-war when the war is over, is to be paid for by the French and not obtained under Lend-Lease.

Now, in the Russian agreement to get around that problem of the intermediate war use, the proposal is, they pay--they have the obligation to pay from the time they order with no in between determination as to whether it is

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used for war or any function--but we think it is more rational to say for the period of the war that the thing is actually put to use--that it is straight Lend-Lease, to be handled with the rest of the settlement. But as to residual value, that is, after the war, it is clearly post-war, and they ought to pay on credit or cash.

MR. CLAYTON: That is exactly the way we handled it with the British up to recently when you negotiated your new agreement, and we have a case in point where we have tentatively agreed--I say we; it was done when I was administrator--we took machine tools which had been lend-leased to them. It came to a value of something like one hundred and seventy-five or two hundred million dollars, and we sold those machine tools; the residual value of the machine tools was agreed upon, and a tentative settlement was made with them on it.

H.M.JR: But if my memory serves me correctly, with this British Lend-Lease we just went in, we didn't have anything like that.

MR. WHITE: We didn't want to give them--that included sending them some Lend-Lease items which were so long-lived that most of the life would be after the war, and they said they would pay cash for that.

MR. COX: We made a deal, too, in the proceedings with the British, which is identical with this, on Indian locomotives.

MR. WHITE: It was in the state of negotiation; that is true, knowing what Britain--this was with India.

MR. COX: The British have never been interested in 3-C things for reasons of their own.

MR. CLAYTON: I was going to say that prior to this last negotiated British agreement the situation was, I think, just the same as this.

MR. WHITE: A good while prior, they stopped.

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MR. COX: The reason we stopped the British equipment, like locomotives and heavy presses, and so forth, in November, 1943, is for the same reason we are talking about now, their balances were rising. You remember, we discussed Wednesday as to what could be done to prevent the rise, or possibly, decrease the gold and dollars. One of the items that was put on a cash basis--they weren't interested in 3-C--was capital goods. They have been buying machine tools and machinery since November, 1943. It doesn't amount to a lot; they were pretty well tooled up. In the French case it amounts to a lot because they were not tooled up.

H.M.JR: Let me ask you another question. You don't mind, do you, my asking you questions?

MR. CLAYTON: No, sir.

H.M.JR: Has it ever been suggested to the French that if, whenever this goes into effect, that we would agree to supply them with the food that they need under Lend-Lease, that they in turn should pay cash for their capital goods under some credit arrangements?

MR. COX: We have had no discussions with them on it.

MR. WHITE: We will treat them exactly like the Russians.

~~MR.~~ MR. CLAYTON: The British?

MR. WHITE: Not the British, the Russians.

MR. FERGUSON: That isn't quite the Russian case, because some of the long-life goods go to Russia absolutely free during the war. They don't even pay the post-war value on a good deal of the long-life equipment.

H.M.JR: Will you explain that a little more, please?

MR. FERGUSON: The agreement proposed to Russia took a much rougher method of trying to get an equity here, and

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we said certain long-life goods will go on straight Lend-Lease as long as the war lasts. Anything that is not delivered in those categories when the war ends will be delivered for credit payments. And then there was a second group of goods which it was said would go on credit from the beginning, even though the war was still going on.

Now, the French proposal here is an attempt to get them a more reasonable kind of formula. Instead of saying some of the stuff goes completely free while the war is going on, some of it is paid in full while the war is on. You say it is all free during the war, and the post-war value of it all is paid for.

H.M.JR: If you don't mind my saying so, from the standpoint of who is going to have to collect it, I think what you are saying about the Russians sounds much more practical to me.

MR. FERGUSON: You would not, as I understand it, collect anything from the French during the war. You would simply say that in determining the final amount they have to pay you deduct the war use value. But you go on--the French go on making payments from the beginning.

H.M.JR: Take the locomotives. I mean, as a good example, if you took the Russian formula, you would say to the French, "Whatever locomotives we deliver to you while the war is on under Lend-Lease, they are free. Whatever you want to buy once the war is over, you pay for. Is that right?"

MR. FERGUSON: Yes.

H.M.JR: Under the long-term basis--

MR. CLAYTON: "And also you pay for the residual value of those locomotives that you have obtained while the war is on."

MR. FERGUSON: Not the Russians.

H.M.JR: I am talking about the Russians.

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MR. WHITE: Do the Russians get locomotives now? Is that in the new protocol?

MR. COX: The Secretary is on another trail in terms of gold and dollars. The thing that ought to be considered are the items which are delivered during the war that ought to be paid for more currently than the stuff which is delivered after the war. That is a variation of what you said.

MR. WHITE: Let them pay for capital goods they get during the war, and let them get credit arrangements for what they get after--

MR. COX: I have changed it. It is a new wrinkle.

H.M.JR: Wait a minute. Going back to the Russian formula, the capital goods which you think can advisably be done under Lend-Lease you give to the Russians free while the war is on, is that right?

MR. COX: Not completely. There is a certain category.

H.M.JR: And in another category, what do they do?

MR. COX: Undertake the obligation to pay from the time the stuff is ordered.

MR. CLAYTON: The latter is largely industrial plants.

MR. COX: The first payment starts at the end of the German war.

MR. FERGUSON: But they pay one hundred percent of the value.

H.M.JR: What was the variation you were suggesting?

MR. COX: The variation I was suggesting was, if you wanted to avoid any doubt about diminution of dollars as to arranging current payments for stuff that is delivered in the period when this agreement operates--

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H.M.JR: What kind of stuff?

MR. COX: For example, eighteen months' capital goods, depending on the war supply situation. I would assume you could deliver between six and eight hundred million dollars' worth. If you start your down payments on that, on stuff that has already been delivered, that accelerates the current payment, and you don't get into a position of having to pay in advance before they get the goods.

H.M.JR: They pay--

MR. WHITE: ...as they get it, as they are delivered. They pay in full.

MR. COX: And the stuff that is not delivered when the war is over, you stretch that out.

MR. FERGUSON: You would say if they pay for the stuff delivered during the war you either give them a rebate or reduce some of their obligations to cover war use.

MR. COX: That is right. You have to decide if you want to follow the Russian pattern on this stuff where they are obligated to pay for the whole thing, or get a credit, so to speak, for war use.

MR. WHITE: It is a kind of crazy arrangement, they pay cash for long-life goods while the war is on, but when it is over you sell it to them on credit.

MR. COX: That is why I would go back to the other one, because it is easier to justify.

MR. WHITE: Could they pay cash for capital goods the way the British are doing?

MR. COX: That is a different problem.

MR. WHITE: What if they paid cash for whatever capital goods the British wanted? The British get certain consumer goods, except those like tobacco, on a Lend-Lease basis, and when the British want any capital goods, they pay cash for them. Why don't the French do that?

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MR. COX: The difference in the problem is this: For three and one half years the British goods like tools and other equipment were under straight Lend-Lease. Now they are spending one hundred million dollars a year for capital goods, whereas the French call for twelve and one-half times--

MR. WHITE: The French have not been fighting for five years, and they have more money.

MR. COX: On the eighteen-months basis they would make expenditures of something like one billion, too.

MR. WHITE: They don't have to; they can get it on credit--borrow from the Export-Import Bank, float a loan. Why did you want to use Lend-Lease funds?

MR. COX: They could get it from the California-Mexican Bank.

H.M.JR: What you could do is this: Start in with one hundred percent payment for capital goods whether the war is on or not, and reduce that down to seventy-five or fifty percent by payment.

MR. WHITE: As their balance diminishes--

H.M.JR: You could work the thing out so that the balance would diminish, but I wouldn't have any recaptured clause. When they buy this locomotive, it is theirs.

MR. COX: That is what the agreement provides.

H.M.JR: But then we don't place evaluations on it and all the rest of it. May I just restate it once more? Supposing we say for capital goods, "Gentlemen, you say you want to be on the same basis with England. All right, they are paying one hundred percent cash." Then they protest and say, "We can only pay fifty percent down," or whatever it is. We bargain with them in that range, how much the down payment should be and how long they should have to pay, but, "If you buy one million dollars' worth of locomotives, they are yours for keeps."

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MR. WHITE: And they pay you

MR. COX: That is the approach I would take, but--

MR. WHITE: That is not what you were suggesting before; this is something different. It is a different matter.

MR. COX: It is a different approach, but it is equally all right providing you make up your mind first what you want to do is hit the seven hundred and fifty million dollar range in eighteen months. Once you decide that, you can determine your payments.

H.M.JR: I want to see if Mr. Clayton understands what I am proposing. We have been groping for something. I don't like this business of selling them a lot of locomotives in wartime. In wartime you can burn up a locomotive in a year as well as in ten years. We could say, "The life of a locomotive is ten years, and you owe us ninety percent," but I don't like it because I don't think it is reasonable, especially if they are hauling out troops and supplies.

But if you say to them, "You want a million dollars' worth of locomotives. All right, gentlemen, we are glad to sell them to you and deliver them to you, but we would like one hundred cents on the dollar; that is the best bargain we can make." Then at the same time if we get something like ~~that~~, I would be willing to say when this thing is signed, "From now on the civilian supply that you need will be furnished to you under Lend-Lease."

MR. FERGUSON: Mr. Secretary, do I understand correctly--yes, I think I understand it. You never charge them for more than fifty percent of the value.

MR. COX: I didn't gather that.

H.M.JR: Fifty percent down payment.

MR. CLAYTON: And you would like to collect the other fifty percent in time and not allow them any credit for war use?

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H.M.JR: No.

MR. COX: He is making that substantially like the Russian proposal; that is another way.

MR. FERGUSON: No, because a lot of stuff that goes to Russia goes absolutely free.

MR. COX: It isn't a lot of big stuff.

MR. WHITE: I am surprised at that statement. It is contrary to my recollection.

MR. COX: We have re-collected it.

H.M.JR: I will be very frank with you. I was trying to reduce the balance. Maybe you can find some other way. I would just do the Russian formula entirely, say to these people, "Look--" just what we have said to the Russians. Maybe it is possible to do what you have said with the Russians on capital goods, which, after all, comprises the big item here, and it would solve your balance of payments problem on some of the other items.

H.M.JR: If you can do that, I think if we have any precedent to go by, it would make it more convincing to them if you can find some other way and say, "We are doing it for you just the way we did for the Russians."

MR. CLAYTON: I don't understand your plan to be the same as the Russian's.

H.M.JR: It wasn't. But somebody suggested that it isn't the same as the Russian's and pointed out the difference.

MR. COX: I think there was only a minor difference, as I understand the Secretary's proposal, assuming that the capital goods of the type the Russians are obligated to pay for from the date of procurement amounts to one billion dollars. What the Secretary is saying, as I understand it, is that they make a down payment of X percent, which will get to seven hundred and fifty million, and the

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balance, which is Y percent, they pay for over a period of years like the Russians do. The only difference in principle between that and the Russian thing is that the Russians have been given a period of grace.

H.M.JR: Yes, of nine years.

MR. COX: And I think you can say to the French that in view of the gold and dollar position they can make a--

MR. FERGUSON: There is another difference and you are excluding the category of goods which amounted to two or three hundred million dollars that they got absolutely free if they got it during the war.

MR. CLAYTON: Which would include locomotives.

H.M.JR: Not so many at a time! This gentleman who was speaking--

MR. CLAYTON: I was going to make the point Mr. Ferguson made, that what you have to say, I think, might be an excellent formula to apply to that category of industrial goods, which really is industrial plants, and that if we are going to give to the Russians on credit terms--3-C terms--you would vary that a little in the case of France and ask them to pay fifty percent down in cash, and the remaining fifty percent would be on 3-C terms just like the Russian's. But what would you do with that category of goods that the Russians get absolutely free?

MR. COX: That is a factual one.

H.M.JR: I would have to find out what they amount to.

MR. CLAYTON: About three hundred million dollars.

MR. COX: Factually the thing is not different. because we are sending to Russia stripped down locomotives

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We stripped down things. The Army procures and sends them, and we have a recapture right on those locomotives for whatever they are worth. The Army is sending locomotives to the French for use in France which are stripped down, so there is no difference, in effect.

MR. MITCHELL: The difference between the Army, which is military, and the civilian--

MR. CLAYTON: There would be that difference.

H.M.JR: What Mr. Ferguson said--whatever the category the Russians are getting free--how much would that amount to in the case of the French?

MR. COX: It wouldn't amount to very much, because most of the stuff is of the caliber--the Russians agreed to pay for plants and locomotives which they are not getting, and heavy machinery which they are not getting. The things Russia is getting on straight Lend-Lease are machine tools which can be produced quickly, and which are used immediately in the war. The turn around between production and use is short.

H.M.JR: I would like to digress a little, but it is still to the point. These conversations, if I may go back for the benefit of myself--when I was at Quebec, for the first time this French Lend-Lease was brought to my attention. I didn't know what it was about, and I had to call Mr. Bell. He gave me this message which both Mr. Roosevelt and Mr. Churchill read, and they were both satisfied. I mean, this is in the room here; it may be an old story to you, but they were very much opposed to any Lend-Lease to the French. We have got to start from that, you see, and the British feel very, very strongly. The French have come out of this thing with a lot of money, and they are coming out with none. And the last time I discussed it, the President didn't really want to give them any Lend-Lease. He really had great doubts about this thing, and he has had six months to think about it. I really don't think during that time, as far as I can remember, I have ever discussed it with him. So that is

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his own thinking, independently, that I mentioned to Admiral Leahy. He is adamant on this. He doesn't want anything. So it isn't just that I am the bull in the china shop, the bottleneck, or whatever you want to call it.

Now, the thing that has been bothering me is that the French can say--just to carry the thought through--"You are treating us differently than you are treating any other Ally." If we could say to them, "We are treating you exactly the same as the Russians, except you have come out of this war with two billion three, and we think on those kinds of goods where we gave the Russians nine-years grace we expect you to make a certain down payment, because you have that money; so, really, we are treating you just the same."

What I would like to ask you is if you would be willing to explore that and see where you come out.

MR. CLAYTON: I think so.

MR. WHITE: How about Belgium and Holland? You said we would be treating them just like any other Ally.

H.M.JR: Wait just a minute; I will listen in just a minute. You see me all day long. I just want--

MR. WHITE: Not when we are making these decisions.

H.M.JR: I want to know what Mr. Clayton thinks.

MR. CLAYTON: I think as long as we are in the position to say to them, "We are treating you just like any other Ally," except for the point you mentioned, "that you came out of the war with a lot of money and we want you to pay fifty percent in cash--" I think with that exception we could perhaps justify that under the circumstances. I am not posted on how we are treating Belgium and Holland.

H.M.JR: Neither am I.

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MR. CLAYTON: I don't know whether we could say that in the light of Belgium and the Netherlands or not.

H.M.JR: We will take it up in a minute, but I wondered how it struck you.

MR. CLAYTON: It strikes me as something that we ought to carefully consider and explore just in the way you stated it, that instead of giving all this industrial stuff on 3-C credit terms, we think they ought to pay fifty percent cash.

MR. COX: I think it is a good idea, Mr. Secretary, and worth exploring, and I think the question of what percent I would want them to pay in cash would be conditioned--you could split it up and down. I wouldn't worry, just as a footnote, about the Belgians and Dutch.

H.M.JR: I will give Harry a day in court.

MR. MITCHELL: Could I make an observation about this? As I listen to it, it seems that the basis for giving Lend-Lease at all is that the French financial position considered in the interim requires some financial aid from this country. We would start from that fundamental so we are talking about current consumption items, food items, and so forth, that are proposed to be delivered on straight Lend-Lease basis. The same principle, it seems to me, requires you to give some credit to the use that capital goods would be put to for the defense of this country. After all, that is why we are back within the framework of that Act.

Now, the Secretary has stated that he is strong in support of the objection to this idea of trying to make evaluation later, but if the other fellow is going to then determine how much is to be paid or whether we are going to determine how much is going to be paid--but isn't it consistent and right that the French would be given an opportunity to make a claim for a credit rebate, as you called it a while ago, to apply if, in fact, there is this financial need that requires our help?

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H.M.JR: May I answer you? I don't know whether my facts are right, but we are going to re-arm for them under Lend-Lease, eight divisions, all for war purposes. Are there any strings attached to that? That is strictly for the prosecution of the war.

Now, I take it from what has been said here today that the Army has certain locomotives over there which they own and which they will transport our supplies with from the port to the front. We will transport for them this food in our trucks, and we won't charge them for that.

MR. WHITE: And in our ships.

H.M.JR: We are not charging them for that?

MR. COX: It is charged on the cuff.

H.M.JR: I know. So the only thing when you get down to what you are saying is, we are asking that--your suggestion is that we give them all the military supplies to defend their own country, we transport the food for them under Lend-Lease, we give them the food under Lend-Lease, and we are moving it in our trucks under Lend-Lease, but when it comes to certain capital goods they should turn around and say to us, "We have used this for the war effort, and we want to knock off so much." I think it is very little, but I may be wrong.

MR. MITCHELL: I didn't say you were, and I didn't say that it was right, but it is something consistent with this theory.

H.M.JR: When you get right down to it, it is the only thing they are contributing.

MR. WHITE: They are giving us services.

MR. COX: You won't have any difficulty with it.

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H.M.JR: If I wasn't Secretary of the Treasury, but just a citizen, I would be arguing, "Give them all of it." But I am supposed to look after the taxpayer's interest. I don't think it is very much, and the thing that bothers me on these things is, I always remember the story Mr. Roosevelt had. He went over to the Navy Department during the last war to try to make a deal with first a Frenchman and then an Englishman on supplies which were left over. He had been bargaining with them for months, and they got food and surplus stuff. He got a price--he thought he had made a good bargain, and he never got a nickel.

I think what we are talking about is so unrealistic, because I don't think we are ever going to do it. Nothing will ever happen.

MR. CLAYTON: Yes, I think what you say makes a lot of sense.

H.M.JR: And it is so much easier to have a precedent in the form of the Russians.

MR. CLAYTON: Mr. Ferguson was just telling me that.

H.M.JR: You raised a very good point, but--

MR. MITCHELL: It is certainly consistent with giving food on straight Lend-Lease, because the basis is financial aid.

MR. WHITE: Wouldn't you be consistent in giving Britain everything?

MR. COX: I think the answer, Mr. Secretary, is that logically Steve's position is right, but as a purely practical matter you won't have any more trouble with the French than you had with the Russians on that point, because it takes anywhere from eight months to twelve months to make a locomotive, so what you say to them as a practical matter just for administrative and other purposes--we don't want to get into determination as to what is for war use and what isn't.

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MR. WHITE: Should we pay for depreciation on factories? I wouldn't say he was logical at all. You are throwing back the consideration of how much foreign exchange they have got to pay, and, therefore, the question of what their balances are is very much in point, and it isn't a consistent position to give them, just because they use it up.

MR. MITCHELL: The point I am getting at is this, how will their basis, using Lend-Lease funds--

H.M.JR: Mr. Clayton, are you sufficiently interested in the proposal that has come out of this discussion to explore that and have your people explore it?

MR. CLAYTON: Certainly, and I think to save your time, Mr. Secretary, we ought to get together, the three interests, Treasury, FEA, and State Department, in the next two or three days and explore that and see what the implications are and then see if we can come to some agreement.

H.M.JR: Is that agreeable with you?

MR. COX: Yes.

H.M.JR: With you?

MR. WHITE: Yes. I think on that approach we have to remember that Belgium and Holland are paying cash and have agreed to pay cash for these goods; and if we can make this arrangement with France, we will have to make it also with Belgium and Holland. That may be all right, but that is what we are getting into.

H.M.JR: All right.

MR. COX: The problems are different. In the Belgian case now, the British are supplying them with military equipment, and the rates have gone so high, and like I said, maybe they ought to ask us for a little Reverse Lend-Lease.

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MR. WHITE: That is one point, and, two, they have already agreed--I am going to lead up to something--they have already agreed to pay cash. Therefore, this position you are taking, since we are reversing their agreement to pay cash--

H.M.JR: Who?

MR. WHITE: The French, for consumers goods going to the Army. We are going to have to reverse our position with regard to Belgium and Holland. We have got to be sure we have an adequate defense, and that must be that the French balances are diminishing. We have got to take the position that they have got to use up their balances.

H.M.JR: That is the premise we started from, and I take it that no one is arguing with me. Mr. Clayton said they have written a very stiff letter to me, and Mr. Clayton asked if I was adamant on this position of reduction of French balances, and I said, "Yes."

He said he would bow to the Treasury on this proposal.

MR. CLAYTON: But in order to make our position clear, Mr. Secretary, we never disagreed with you that there should be the most careful consideration given to the French balances in making an agreement with the French. The only disagreement we had with you was as to which should be done first. We felt we ought to negotiate a master agreement and then work the other out with them at leisure before they got any commitment of a certain quantity of goods, and you thought we ought to work the dollar position out first. That is the only difference.

H.M.JR: That is correct, but after this discussion, and seeing how difficult it is to come to an agreement among ourselves, I am more convinced than ever that I am right. And again--well, I won't go back over the thing, but I think that it would be much more difficult to work it out afterwards. But, again, I feel I am right. I have often been wrong, but just this discussion this afternoon

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has convinced me more than ever that we are on the right track.

MR. CLAYTON: I think we ought to take it now, the three of us, and get together in the next day or two and spend some time on it to see if we can't get to an agreement to submit to you.

H.M.JR: I think it ought to be done.

MR. WHITE: We will certainly give it priority A-1, the highest priority we have around here.

MR. CLAYTON: I will take a look at my calendar and get in touch with Oscar and Harry.

MR. MITCHEL: In that connection, if you want me to mention--

MR. CLAYTON: I would like you to tell the Secretary about those cables.

MR. MITCHELL: I am afraid our system must have slipped in failing to get over to you before this a telegram dated the 24th of January--two of them from Paris, and in short, the one from the Ambassador says that he has received from the French Foreign Minister a note concerning the proposed Lend-Lease agreement, and he said, "It appears to me for the most part that the Lend-Lease reciprocal aid agreement will be concluded at the earliest possible moment. Not only have we undertaken an obligation to consummate such an agreement, but the military authorities here in France are operating on the assumption that such an agreement, in fact, exists. And he said he told them--"

MR. WHITE: When did the Government undertake to--

MR. MITCHELL: August 25.

MR. GLASSER: They agreed to negotiate an agreement, and that point was very carefully worked out in discussions.

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H.M.JR: You had better give me those, because I have a letter from the Acting Secretary of State saying the August memo was dead.

MR. FERGUSON: Not the August memo, Mr. Secretary, the agreement between the French and Mr. Eisenhower saying that the pending negotiations--

MR. WHITE: I beg your pardon, the arrangement which the Secretary refers to as being dead was the arrangement that was being considered in the negotiations with the French, between the French and the State Department, that was--

H.M.JR: Excuse me, can I ask Mr. Clayton--I haven't seen this.

MR. MITCHELL: I will leave them both with you.

H.M.JR: But, Harry, let's get the history of this thing so there can be no question as to what has happened. Submit it to the State Department and make sure we are talking about the same thing.

MR. MITCHELL: I got a diary made up at the time I went to France in September, and Harold Glasser and I were arm in arm all the way along in most of those things. So were Oscar and the rest. You were in Bretton Woods, so I will give you a digest of the whole thing.

H.M.JR: Will you do that?

MR. MITCHELL: Yes, sir. If this is of any importance, the military is going ahead receiving substantial amounts of reciprocal aid over there on the assumption there is an agreement, and the French are saying that we had a fellow to negotiate an agreement with you last August, and we haven't got one yet. We were pressing you for it, and if we can't come to one soon, why, we just have to reconsider where we stand on it. That is the fact.

H.M.JR: The trouble is, I spoke to Mr. Stettinius' office, and it took ten days for a telegram he cleared to

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come to me from his office to mine. And Mr. Brown wrote me a note today apologizing.

MR. WHITE: This may have come.

H.M.JR: And he said somebody has changed offices; somebody was supposed to have looked after me, but I don't know. The longest time it has ever taken is three weeks. This one the other day was ten days.

MR. FERGUSON: To avoid any confusion about these telegrams, there was nothing in these telegrams which relates to any specific basis or any agreement at all. They relate only to the question of some agreement.

MR. CLAYTON: Right.

MR. MITCHEL: My point is, you can see it if you go around Paris, but as Aarons--remember, these telegrams from our Ambassador state, "We are using up a lot of French space and facilities. The obvious answer is, "We are doing a lot of fighting, too, the Americans," but the tension is there, and it is cold in Paris. All these things are jarring. Ask Mr. White. It is not cold in Paris because of financing. They can't get coal, they just can't get it.

H.M.JR: I am going to say something here, and I can't help on whose toes it falls. I am saying this to you gentlemen, that at Cabinet Friday, a week ago, if I hadn't backed up Leo Crowley and gone to bat for him there would be nothing today.

Now, the State Department did not go to bat, but I did, and Crowley has been on record and told a number of people, and if the thing had been left the way it was, we wouldn't be meeting here today about anything because the President wasn't in favor of it. You can ask Mr. Crowley what took place at Cabinet; so far as putting pressure on the President is concerned, there would be no meeting today if I hadn't gone to bat for this thing. I am convinced in my own mind that Friday, a week ago, was

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the first that the President was ready to agree to anything, because he was going away; so now I can sleep nights as far as this is concerned. I think that we moved just as fast as the President was ready.

MR. WHITE: More than that, Mr. Secretary.

H.M.JR: And he wasn't ready one minute before Friday. And another thing, to get this--twice I have shown here--once I got the data, I let Mr. Stettinius read my memo, my telegram from Bell which I gave to the President, and he went over the whole thing and said, "I am completely in agreement that that thing should not go forward. I am completely in the Treasury corner." That goes back, if you want the date. The next time that Mr. Stettinius came over here was quite a ways back, so there was complete understanding on his part. The Tuesday I came back from Quebec I read Mr. Hull the whole business. We had a great discussion on this thing. There was no protest from the State Department. And while I want to be helpful, on the other hand, I am not going to let, with all due respect, anybody in the State Department put me in the position that I am the sole person that has been holding this up; because from my record that we have here, first with Mr. Hull and then with Mr. Stettinius--until this thing was brought to my attention Friday before Cabinet by Mr. Crowley when he wanted me to sign a memo which I hadn't seen before and I refused to do it--I said, "Let's bring it up in Cabinet," and we did. If you want a copy of my diary--

MR. MITCHELL: You don't have to prove anything to me. I say there is a matter-of-fact statement.

H.M.JR: I do, because you, with all due respect, sort of put me in the position that the people are cold in Paris, and that is why I called Mr. Clayton. I wouldn't be part and parcel of the State Department proposal that we give them a mass agreement and then argue about dollars afterwards. Then I would find myself in the very false position of holding up something for some gold and dollars. Now, I would be delighted to let you see my diary. I would like you to be convinced.

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MR. MITCHELL: I am afraid I have made myself misunderstood.

MR. WHITE: I misunderstood when you said they were cold and whatever else they were because they were not getting supplies, and their not getting supplies has absolutely nothing to do with this financial arrangement. That should be absolutely clear.

MR. CLAYTON: I don't think Mr. Mitchell meant to imply they were cold because of not getting supplies because of a delay in Lend-Lease; but as I stated in the beginning, Mr. Secretary, there has been a kind of series of circumstances with the French that have been unfortunate, and our relations are deteriorating with the French, but we don't blame it all on Lend-Lease. That is just one of two or three things.

H.M.JR: I agree with this thing.

They deteriorated from the day that DeGaulle put somebody on the Miquelon Islands up there, and Mr. Hull made that remark. From that day down to the day that the President finally agreed to accept the suggestion which we made in regard to a de facto government, the thing steadily deteriorated, and this whole mess which White and Cox have been trying to explain to me, why they are not getting supplies, has nothing to do with Lend-Lease. That is why people are cold and hungry, and if you and I agree tonight--

MR. WHITE: ...they wouldn't get a single ounce of coal more or a single ounce of milk more.

MR. CLAYTON: So far as the immediate future is concerned, that is right.

H.M.JR: Let's have this understood. As far as the Treasury is concerned, we moved on the Lend-Lease thing just as fast as Mr. Roosevelt and the Secretary of State moved.

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MR. CLAYTON: I think it is true, Mr. Secretary, that the Treasury did approve in August a Lend- Lease program with the French. Now, that is long before I went with the State Department.

H.M.JR: Glasser said

MR. CLAYTON: I don't know what the agreement was. It was not negotiated on the basis of that approval, but I am told he did approve a program in August.

MR. MITCHEL: We wrote up an agreement that went further than that, and there was objection to it, and the thing was stalled. That is about the size of it.

MR. GLASSER: A program was submitted to the President in June or July that he approved, but no suggestion of an actual Lend-Lease program since that date has adhered to the terms of that memo approved by the President. The reason that it went to the President at Quebec was that the program that was then being suggested went beyond the President's approval, and this program, as well as every other program, has gone beyond what the President approved in July.

MR. WHITE: In other words, if they followed the program which the President approved, there wouldn't have been any delay.

MR. GLASSER: They could have had a Lend-Lease program in July or August.

MR. FERGUSON: I think that is the exchange of letters between you, and that is considered dead.

MR. WHITE: That is not the letter the President approved; that is one the State Department wrote following the President's approval of a program and the one the State Department submitted went beyond the thing.

MR. FERGUSON: That is correct, and that never received approval. I don't think we should get confused between these telegrams and--

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H.M.JR: Do White and Glasser know what you gentlemen are talking about?

MR. MITCHELL: Glasser stated the facts as I remember them. I would like to get my two-cents worth in on these telegrams, and my unfortunate remark--all I was trying to do--Mr. White and I don't agree as to the implication of my remark. I was trying to say that the condition exists as represented in two telegrams that tend to explain their state of mind on the other side, and one of the factors that bring about that state of mind is one of tension, one of which is a pretty chilly atmosphere which still leaves my opinion the way it was this afternoon. I won't say any more or less about it; it has happened, and it is unfortunate they didn't get here earlier. They are here now, and it is nothing but background.

MR. GLASSER: Your remarks, however, are very pertinent, because there have been some comments passed on our level that the Treasury is holding up.

MR. WHITE: That is why I am taking such good care to see that there is no misunderstanding.

MR. COX: There is one question of fact that has not been discussed in there on reverse Lend-Lease aid. The French have conservatively estimated that for this period of eighteen months, if the war continues, they would probably supply ten billion dollars' worth of reverses; that is what they are talking about in those cables. They are going ahead and supplying the reverse. The Army fellows, I think, are a little shaky about it because the French say that the straight Lend-Lease and the reverse ought to be tied up. They have no formal agreement on that.

MR. GLASSER: Mr. Secretary, there was reverse Lend-Lease--the reciprocal aid is to be offset against our military aid to the French, and our military aid to the French would be several times as much, if it isn't already, the amount of reciprocal aid.

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H.M.JR: May I just say this, gentlemen: We have all talked very frankly the last fifteen minutes. Whatever has been said in this room as far as the Treasury is concerned is a secret.

MR. CLAYTON: The same would be true with us.

H.M.JR: I don't want--

MR. CLAYTON: The same would be true with us.

H.M.JR: Whenever you are ready, let me sit in again.

MR. CLAYTON: Don't you want us to get together first and then come and see you?

H.M.JR: If you don't mind I didn't misunderstand you.

MR. MITCHELL: Good, good. I have been living with them for a long time; they are my friends.

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FOREIGN ECONOMIC ADMINISTRATION
WASHINGTON

OFFICE OF THE ADMINISTRATOR

January 29, 1945

Secret

Dear Secretary Morgenthau:

You may be interested in the attached
two cables No. 343 and 344 from our Ambassador
in Paris.

Sincerely,

Oscar Cox

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

Paris

Dated January 24, 1945

Rec'd 12:58 a.m., 26th

LF-159

SECRET

Secretary of State,

Washington.

US URGENT

344, January 24, 8 p. m.

The following is the text of Bidault's note of January 22, referred to in my immediately preceding telegram:

"In my letter of November 22 I had the honor of informing Your Excellency that M. Jean Monnet had been charged by the Provisional Government of the Republic to discuss with the competent authorities in Washington not only the indispensable arrangements for the importation into France of supplies included in the program which has been discussed with the Allied authorities but also the Lend-Lease agreements establishing the financial arrangements for imports from the United States.

"According to the Franco-American memorandum signed August 25, 1944, concerning Lend-Lease and reciprocal aid 'the competent French and American authorities must pursue without delay negotiations with a view to concluding as soon as possible in accordance with the general principles of the agreements which determine Lend-Lease assistance a Lend-Lease and reciprocal aid agreement applicable to Continental France'.

"The agreement in question has not in fact been signed. Ever since the first day of the Allied landing on French soil the Government of the Republic

-2-

has nevertheless executed in the most liberal way all obligations it had assumed by virtue of the provision arrangement of August 25. It has furnished to the American Army as reciprocal aid loans and services to the extreme limits of its possibilities. The burden that has resulted has been all the more heavy for French economy especially as regards transportation in view of the fact that these were taken from resources already exhausted by four years of enemy occupation and by destruction due to military operations. The franc expenditures for reciprocal aid of the French Treasury have steadily increased during the last eight months.

"Moreover this French contribution in many cases indirectly entails a supplemental expenditure of foreign exchange. This for example in view of the importance of the means of transportation and the quantities of coal placed at the disposal of the Allied armies one half of the sugar beet crop was lost, which will require an additional importation of 300,000 tons of sugar in 1945.

"Furthermore, the French Government has been formally notified by the American and British Governments of orders to be executed by French industry for the Allied armies and which would be in addition to those already under way. These orders, to the extent that they may be accepted by the Government of the Republic, will entail a new and considerable burden for the French Treasury.

Such a situation, which of course could not be foreseen in August of last year, obliges the Provisional Government of the Republic to draw the attention of the American Government to the three following points:

-3-

(one) The Provisional Government considers it indispensable that the provisions set forth in Article One of the Franco-American Memorandum of August 25, relative to Lend-Lease and reciprocal aid, be carried out without delay. It considers that in this respect, France cannot be treated otherwise than the USSR and the United Kingdom. The provisions of Lend-Lease must be applied not only to those supplies of a strictly military character brought into France, but also to all deliveries which contribute to the war effort. In case the negotiations now under way would not be successful in the near future, the French Government would find itself compelled to reconsider the obligations it assumed temporarily, by virtue of the memorandum of August 25.

(two) The execution of manufacturing programs for the account of the Allied armies in France, cannot be examined independently of the general importation plan designed to permit France to contribute her resources to the war effort. As a matter of fact, these programs could not be executed without the reestablishment of a minimum of economic activity. I take this occasion to state emphatically once again that the program which we prepared is a war effort program, and not one of relief.

Consequently, if the Allied ~~Governments~~ wish to see French industry execute these orders for their armies, it is essential that the French Government be placed at the same time in a position to execute its own import plan.

(three) Finally, the French Government considers that a part of the military orders to be placed with French industry should be placed at the disposal of the French Army in order to insure the rearmament and the rapid reequipping of new units. It hopes that discussions may be held in this connection as soon as possible.

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The French Government is gratified at the accomplishments already obtained as a result of the negotiations taking place in Washington in connection with the execution of the import plan. It has taken note with satisfaction, of the letter which Mr. Grew addressed to M. Jean Monnet on January 15 and does not doubt that the general agreements indispensable to the solution of all these problems so essential for the conduct of the war may be rapidly settled."

CAFFERY

HTM



SECRET O

Paris

Dated January 24, 1945

Rec'd 8:25 p.m., 25th

Secretary of State,

Washington.

US URGENT

343, January 24, 7 p.m.

One. I am transmitting by immediately following telegram a translation of a note dated January 22, which I have received from Bidault concerning the proposed Lend-Lease agreement and also concerning the proposed manufacturing program for the account of the Allied armies in France.

Two. It appears to me most important that the Lend-Lease and reciprocal aid agreement be concluded at the earliest possible moment. Not only have we undertaken an obligation to consummate Suanan agreement, but the military authorities here in France are operating on the assumption that such an agreement in fact exists. There are frequent discussions between United States Army and French authorities concerning items to be considered as reciprocal aid. It has been pointed out to the army officials that no Lend-Lease agreement has been signed, that the Army requisitions should be accomplished simply within the provisions of paragraph seventeen of memorandum No. one, and that consequently it would be desirable to

OFFICE OF EXECUTIVE DIRECTOR
BOARD OF ECONOMIC WARFARE



- 2 -

avoid all reference to Lend-Lease and reciprocal aid in discussions with the French. As a practical matter, however, the army officials find it extremely difficult if not impossible to avoid discussions on this subject. It often transpires that when a requisition is requested the French ask whether or not it is to be treated as reciprocal aid. In order to get along with its business, the army finds it necessary to make decisions on the spot. Therefore urge that the negotiations be pressed to a prompt conclusion, not only because of our commitment to do so but also because it will avoid future misunderstandings.

Three. With respect to the second point mentioned in the note, namely, that the army's manufacturing program can not be examined independently, we are endeavoring to have the army officials prepare a definitive though preliminary program for discussion with the French authorities. I agree that the army program must be closely correlated with France's own production plans.

Four. With respect to the third point raised in the French note, namely, that a portion of the military requisitions be placed at the disposition of the French army, members of my staff presently are carrying on conversations with the army authorities. From preliminary discussion it would appear that there would be no real difficulties in the way of meeting the French request on this score.

WASHINGTON, D. C.
OFFICE OF EXECUTIVE DIRECTOR
BOARD OF ECONOMIC WARFARE



- 3 -

Five. In addition to the translation of the note a copy of the original text will be sent by despatch. I am acknowledging the note but shall withhold any further comment pending receipt of telegraphic advice from the Department.

JMS

CAFFERY

WASHINGTON, D. C.
OFFICE OF EXECUTIVE DIRECTOR
BOARD OF ECONOMIC WARFARE

MEMORANDUM

January 29, 1945.

On January 29 a meeting on the Bretton Woods legislation was held in Mr. Acheson's office at the State Department. Present were Messrs. Acheson and Ferguson of the State Department, and Messrs. Luxford, Lynch, and Brenner of the Treasury Department.

Mr. Luxford opened the meeting by stating that it is the view of the Treasury Department that differences of opinion between the State and Treasury Departments as to the form of the legislation should not be permitted to delay its presentation to Congress. He stated that the Treasury prefers its draft of the first section which authorizes the President to sign the Agreements, but that if the State Department is unwilling to accept this view and is willing to take the responsibility for its own draft, the Treasury will agree. He pointed out to Mr. Acheson that the effort to have legislative counsel of the House and Senate resolve the difficulty had been unsuccessful, and that they wanted the problem thrown back in the laps of the Congressmen and Senators.

Mr. Acheson agreed that the problem should be settled at once so that the legislation can go forward and suggested that we follow the precedent of the International Labor Organization. In that case Congress authorized the President to accept membership for the Government of the United States of America in the International Labor Organization. It was agreed by all present that this solution would be quite satisfactory and that it should be adopted and presented to the legislative counsel of the House and Senate as the joint view of the State and Treasury Departments.

Mr. Luxford pointed out that at our recent meeting with representatives of the Federal Reserve Board they had taken the position that the legislation should set up a board to administer United States participation in the Fund and the Bank. They agreed that we should go forward without such a provision, but wanted to reserve the right of Mr. Eccles to state the position of the Federal Reserve Board to the legislative committees or at least to the chairmen of the committees. It was the general view that this problem should

be resolved within the administration if possible, and that the best way to proceed would be for Mr. Acheson and some one from the Treasury to discuss the matter with Mr. Eccles and attempt to secure his agreement to the provisions agreed upon by the State and Treasury Departments.

With respect to the provisions on financing, it was pointed out to Mr. Acheson that the Treasury Department had never resolved finally the question of whether it would be advisable to avoid an appropriation. All present felt strongly that the best way to proceed would be to use the note-issuing authority instead of an appropriation if the Treasury would not have policy objections to this form of financing. Accordingly, it was agreed that the matter would be reexamined in the Treasury and, if there were no policy objections, two alternative financing provisions would be presented to the legislative counsel of the House and Senate, and they would be requested to draft the bill with both alternatives so that Congressman Spence and Senator Wagner could select the method they prefer. It was also agreed that while the legislative counsel are drafting the provisions the matter would be discussed with Senators Wagner and Tobey and Congressmen Wolcott and Spence.

The next question discussed was whether the legislation should repeal the Johnson Act completely or merely with respect to those countries which are member of the Fund and the Bank. Mr. Acheson agreed that there were advantages to the Treasury proposal for partial repeal since it would avoid any question as to the possibility of loans being made to the enemy countries. He also agreed that it might serve as an additional incentive to those countries subject to the Johnson Act to remain members of the Fund and Bank. He said that he would be happy to have this provision used in the draft, but that it should first be discussed with the commercial policy people in the State Department. A decision on this question is to be made promptly and is to be communicated to the Treasury.

With respect to the status, immunities, and privileges of the Fund and the Bank, Mr. Luxford reiterated our objections to the spelling out in the legislation of all of the details contained in the Articles of Agreement. Mr. Acheson

- 3 -

was persuaded by these objections. A new section was drafted for the purpose of incorporating these provisions by reference. This provision will state that these particular provisions of the Articles of Agreement shall have full force and effect in the United States as fully as if they were set forth in the legislation.

On the whole, the meeting was extremely successful, and substantial agreement was reached on all points. The Treasury's views with respect to all questions which had not previously been resolved were agreed upon and a new draft is to be prepared here, submitted to the State Department and then presented to the legislative counsel of the House and Senate.



TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

CONFIDENTIAL

DATE
January 29, 1945

TO Secretary Morgenthau

FROM Mr. Luxford

For Action: Public Relations Men for
Bretton Woods.

I would like your approval on the following appointments:

(1) J. H. RANDOLPH FELTUS

Assignment: Feltus would be placed in charge of Bretton Woods public relations and would be responsible for both planning programs and their execution. Unless you want him to report to you directly, I recommend that he report to you through me.

Experience: Feltus has been Executive Director of the Non-Partisan Association for Franchise Education, Inc., at \$12,000 per year since June, 1944. Before that he was Chief of Staff of Special Senate Committee on Wartime Health and Education under Senator Pepper at \$8,000 per year (July 1943-June 1944), and Public Relations Consultant to the Senate Special Committee on War Mobilization under Senator Kilgore at \$6500 per year (Feb. 1943-July 1943). He has been in the public relations field since prior to 1937. Further details concerning his experience appears on the attached application which was filled out by telephone.

References: Feltus lists as references:

Senator Pepper
Senator Kilgore
Henry J. Kaiser
Dr. Rufus Harris (Tulane University)
James M. Landis

Personal: Feltus is 34, married and has two other dependents. His legal residence is apparently New Orleans, Louisiana, although he is presently working in New York City.

Terms of Employment: We propose to employ Feltus immediately on a temporary consultant basis at \$8,000 per year to be raised in fifteen days to \$9,000 per year. He will be paid out of the Stabilization Fund. He understands that this appointment terminates when Congress acts on the Bretton Woods program.

(2) ROY VEATCH

Assignment: Under direction of Feltus, Veatch would serve as liaison with various public and private organizations interested in promoting Bretton Woods and other types of international economic and political cooperation.

Experience: Veatch has been Assistant Diplomatic Adviser of UNRRA at \$8,700 per year since January 1944. Before that he was active in foreign relief and rehabilitation activities, including the establishment of UNRRA; working for Office of Foreign Relief and Rehabilitation (February 1943-December 1943), Department of State (September 1942-February 1943) and Board of Economic Warfare (February 1942-August 1942) at salaries between \$6,500 and \$8,000. Prior to 1942 he was connected with various private and public agencies in the international relief and economic fields. Complete details concerning his experience appear on the attached application.

References:

Francis B. Sayre
Herbert Feis
Leroy Stinebower (State)
Louis Bean (Budget)
Harry D. White

Personal: Veatch is 44, married but no children. His legal residence is in Oregon but he is presently residing in Washington.

Terms of employment: We propose to employ Veatch immediately on a temporary consultant basis at \$8,000 per year. He will be paid out of the Stabilization Fund. He understands that this appointment terminates when Congress acts on the Bretton Woods program.

(3) ADDITIONAL STAFF

While we expect to use War Finance and our regular Public Relations staff to the extent possible, it will probably be necessary to hire a few more men. In particular, for instance, we are trying to get a full time speech writer to prepare speeches for Members of Congress to make during the debate. Feltus believes he can assist us in recruiting additional staff.

* * * * *

This memorandum has been approved by Messrs. Gaston, White and Charles Bell. If you concur will you please so indicate below?

RAR

APPROVED:

John J.

JAN 29 1945

Dear Mr. Murray:

I want you to know that in my opinion the C.I.O. broadcast on the Bretton Woods Conference was exceptionally good. The importance of the International Fund and the International Bank was presented simply, accurately and dramatically. I am glad it was possible for me to participate in the broadcast.

The work the C.I.O. is doing through these labor programs on the air is of tremendous importance. The people want to know what the tens of millions of workers think on the great current problems. There is no better way of doing this than through radio programs of the same high quality as that of last Saturday. Please extend my congratulations and thanks to Mr. De Caux, Mr. Fowler and their assistants.

Members of the Treasury staff have informed me of the good work the C.I.O. is doing in presenting labor's views on the Bretton Woods Conference in the C.I.O. News and in the pamphlet that will soon be published.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. Philip Murray,
Congress of Industrial Organizations,
718 Jackson Place, N.W.,
Washington 6, D. C.

EMB:AFL:eh 1/29/45

JAN 29 1945

Dear Mr. De Caux:

I want to thank you personally for the excellent work you did in connection with the Bretton Woods broadcast last Saturday night.

I am enclosing a copy of my letter to Mr. Murray regarding the fine cooperation we are getting from the C.I.O. on Bretton Woods.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. Len De Caux,
C.I.O. News,
718 Jackson Place, N.W.,
Washington 6, D. C.

Enclosure.

EMB:AFL:ehb 1/29/45 *WJG*

JAN 29 1945

Dear Mr. Fowler:

I want to thank you personally for the excellent work you did in connection with the Bretton Woods broadcast last Saturday night.

I am enclosing a copy of my letter to Mr. Murray regarding the fine cooperation we are getting from the C.I.O. on Bretton Woods.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. C. W. Fowler,
C.I.O. News,
718 Jackson Place, N.W.,
Washington 6, D. C.

EMB:AFL:ehb 1/29/45

Pages 232 and 233 missing -
faulty numbering machine.

JAN 29 1945

Dear Chet:

Through my participation in the program on the Bretton Woods Conference presented by the C.I.O. on January 27, 1945, I learned of the fine job of the Blue Network in offering a program from labor to the people.

The broadcast was presented in a most interesting manner, and the technical arrangements were exceedingly well handled. More important, in giving the tens of millions of workers an opportunity to present their views on the great current problems, the Blue Network is performing a real public service. I want you to know how much I appreciate what you are doing.

Very truly yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Mr. Chester LaRoche,
Blue Network Broadcasting Company,
30 Rockefeller Center,
New York, New York.

Dear Chet:

Through my participation in the program on the Bretton Woods Conference presented by the C.I.O. on January 27, 1945, I learned of the fine job of the Blue Network in offering a program from labor to the people.

The broadcast was presented in a most interesting manner, and the technical arrangements were exceedingly well handled. More important, in giving the tens of millions of workers an opportunity to present their views on the great current problems, the Blue Network is performing a real public service. I want you to know how much I appreciate what you are doing.

Very truly yours,

Secretary of the Treasury.

Mr. Chet LaRoche,
Blue Network Broadcasting Company,
33 Rockefeller Center,
New York, New York.

RR

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date
January 29, 1945

TO Mr. Luxford.
FROM Secretary Morgenthau.

Please write a letter to Mr. Chet LaRoche, who is a good friend of mine. I think he's the head of Blue Network. Compliment Blue Network on the public service that they are rendering on this Labor Program every Saturday night.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE Jan. 29, 1945

TO: Assistant Secretary Gaston

FROM: Harold Mager *Hm*.

Here is an original and copy of Lt. (j.g.) Levy's draft for the Secretary's A. F. of L. broadcast of February 11. We decided to break up the questions in order to give the program an ad lib character. Lt. Levy just heard, however, that the program would not originate in one place, since the Secretary is planning to be in Poughkeepsie. It may be necessary, therefore, to handle the questions a little differently, and Lt. Levy is exploring that possibility right now. At any rate, I thought you'd like to see the version we've agreed on thus far.

Encls.

ANNOUNCER

America United! ... United for victory in the war and in the peace. The National Broadcasting Company makes its facilities available for a new series of public forum programs designed to unite the workers, the employers and the farmers of America with their Government for the solution of the basic problems of the present and the post-war future.

BANGHART

This is Kenneth Banghart in Washington, D. C. Today the American Federation of Labor presents a timely discussion of a subject close to every listener -- the subject, "Paying for the War." Our distinguished guest is The Honorable Henry Morgenthau, Jr., Secretary of the Treasury, who will comment briefly on how we are meeting the costs of the war. Later we will have a question period and an open forum, featuring the America United Panel. Today this panel is composed of Mr. Boris Shishkin, Economist of the American Federation of Labor; Dr. Emerson Schmidt, Economist of the United States Chamber of Commerce; and Mr. Ed O'Neal, President of the American Farm Bureau Federation. Now here is the Secretary of the Treasury. Mr. Morgenthau.

MORGENTHAU

In 1776, our forefathers pledged to each other their lives, their fortunes, their sacred honor. Pledged them in the cause of freedom. Ours is the same cause today - a glorious cause - one that is on a greater canvass, a world canvass. For today, we are still in the fight for freedom.

This is truly a People's War. The people do the fighting. The people do the producing. And in this war, the people do the financing.

They finance it through paying taxes and buying Bonds. Just before we entered the war, we had only _____million taxpayers. Now we have _____million. Where we once had only a handful of people investing in government securities, we now have eighty-five million. And the people have been willing to finance this war at low interest rates - rates that will make it easier for us to manage the national debt. Rates that will make the burden lighter on our children in the years to come.

Taxes today are paying for forty-six percent of the costs of the war. Borrowing, through the sale of Bonds to individuals, banks, and non-banking investors, pays for the remaining fifty-four percent. And the amount contributed by the people is constantly increasing. This is a heartening fact. For it means that the people have strengthened their government in its battle against inflation. It means that the people are eager to save for the future. It means, above all, that the people are supporting their fighters in our fight for survival.

There is an old saying that "To carry on war, three things are necessary: money, money, and more money." For the first time in history, the whole world has become one battlefield. Already, sixty cents of every dollar earned in this country goes into the prosecution of the war. We must put into the field, the men necessary, the materiel required, the money needed. We dare not fall down. For in war, you never get the opportunity to make a second mistake. We must prepare ourselves for the worst in order to achieve the best.

We pay for this war in blood. If you could visit Saipan tonight, you could count two thousand white crosses. American boys lie there in eternal rest upon soil once Japanese. We pay for this war in sorrow. Down your street, some neighbor's window frames a gold star. We pay for this war with our labor, and the money received for that labor.

Our faith in liberty has never faltered. Our people have been willing to pay for it with their lives. And today, as our sons once more pledge their lives, we have a sacred duty - to pledge to them and to each other, as did our forefathers before us - our very fortunes. The history of the financing of this war proves we are doing - just that.

BANGHART

Thank you, Secretary Morgenthau. You gentlemen of the panel have heard Secretary Morgenthau's comments on "Paying for the War." Mr. Shishkin, you have a question?

SHISHKIN

I do.

MORGENTHAU

All right - let's have it.

SHISHKIN

It's this, Mr. Secretary. Do your records indicate the extent to which American workers are buying War Bonds?

MORGENTHAU

I think I can answer that by saying that more than twenty-two million workers are buying Bonds, regularly, through the Payroll Savings plan.

And I think you can be proud of the fact, that members of labor unions constitute the largest single group of War Bond buyers.

SHISHKIN

How did the American workers, as a group, support the last Bond Drive?

MORGENTHAU

Well - I can tell you this. More than half of all the "E" Bonds sold, during the Sixth War Loan, were bought by the American workers at their place of employment.

O'NEAL

Mr. Secretary, I have a question our farmers would like to hear you answer.

MORGENTHAU

All right, let's have it, Mr. O'Neal.

O'NEAL

Well, now, we farmers believe that the Federal Government should rely mainly on individual income taxes as the principal source of revenue.

MORGENTHAU

So do I. During the war and after the war.

O'NEAL

Good. Well, sir, would it be possible to obtain sufficient receipts from individual income taxes in the post-war period to pay the expenses of the government and to retire the national debt?

MORGENTHAU

Well, it is clearly the most desirable form of Federal Tax. But, Mr. O'Neal, no country has ever relied on the individual income tax alone - and the post-war tax load will be heavy. Moreover, to repeal

all other taxes - for example, the corporation tax - would hardly be fair.

O'NEAL

I suppose that's because the individual income tax doesn't reach corporate profits unless, and until, they are paid out in dividends.

MORGENTHAU

Yes - and that may be a long time - or never. And in the meantime, at least, the corporation should be taxed.

O'NEAL

Thank you, Mr. Secretary.

MORGENTHAU

Dr. Schmidt?

SCHMIDT

I have a question of interest to businessmen as well as to labor. This is it. What are the prospects for revision of our post-war tax program?

MORGENTHAU

I'd say the prospects are good.

SCHMIDT

But will such revision provide incentives for increased production that will create more jobs?

MORGENTHAU

I think so, Dr. Schmidt. You must remember, of course, that during the war we have needed stiff taxes. Needed them to hold down the growth of the debt, to strike at war profiteering, and to support the fight against inflation. After the war, our objectives will be different.

SCHMIDT

How so, Mr. Secretary?

MORGENTHAU

Well - then by skillful, selective lowering of taxes, we can contribute to high production and maximum job opportunities. We must, however, face the fact that after the war, taxes will remain well above pre-war levels. But substantial adjustments to stimulate demand and encourage investment will be desirable and possible.

BANGHART

Thank you, Secretary Morgenthau, and thank you gentlemen. Now it's time for our forum discussion. And I am going to turn the microphone over to Mr. Philip Pearl of the American Federation of Labor.

FORUM FROM HERE ON

ANNOUNCER

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How so, Mr. Secretary?

MORGENTHAU

Well - then by skillful, selective lowering of taxes, we can contribute to high production and maximum job opportunities. We must, however, face the fact that after the war, taxes will remain well above pre-war levels. But substantial adjustments to stimulate demand and encourage investment will be desirable and possible.

BANGHART

Thank you, Secretary Morgenthau, and thank you gentlemen. Now it's time for our forum discussion. And I am going to turn the microphone over to Mr. Philip Pearl of the American Federation of Labor.

FORUM FROM HERE ON

JAN 29 1945

Dear Mr. Phillips:

Official reports of the Sixth War Loan Drive tell of the very effective cooperation of your banks with the War Finance Committee, and the Treasury deeply appreciates this splendid assistance. The banks of your state, as indeed all the banks of the nation, deserve the deep gratitude of the American people for a great job.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Mr. Benjamin N. Phillips
President, Washington Bankers'
Association
711 Second Avenue
Seattle 4, Washington

SWP:mes

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

A. N. WILLIAMS
PRESIDENT

1220

SYMBOLS

DL - Day Letter

NL - Night Letter

LC - Deferred Cable

NLT - Cable Night Letter

Ship Radiogram

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EAA159 NL PD=SEATTLE WASH 24

1945 JAN 24 23

~~TED R GAMBLE~~ NATIONAL DIRECTOR=

WAR FINANCE DIVISION US TREASURY DEPT WASHINGTON
BLDG WASHDC=

ELABORATE FOLDER BEING PUT OUT BY WASHINGTON BANKERS
ASSOCIATION OUTLINING SIXTH WAR LOAN ACTIVITIES AND
PREPARING FOR SEVENTH. WOULD BE MOST HELPFUL TO
INCLUDE REPRODUCTION OF LETTER FROM SECRETARY IN FOLLOWING
SUGGESTED FORM QUOTE MY DEAR MR PHILLIPS: OFFICIAL
REPORTS OF THE SIXTH WAR LOAN DRIVE TELL OF THE
TREMENDOUSLY EFFECTIVE COOPERATION OF YOUR BANKS
WITH THE WAR FINANCE COMMITTEE. THE TREASURY DEEPLY
APPRECIATES THIS SPLENDID ASSISTANCE THE BANKS OF YOUR
STATE AS INDEED ALL THE BANKS OF THE NATION DESERVE
THE DEEP GRATITUDE OF THE AMERICAN PEOPLE FOR A GREAT
JOB UNQUOTE IF THIS ACCEPTABLE PLEASE HAVE SENT BY AIR
MAIL TO BENJ N PHILLIPS PRESIDENT WASHINGTON BANKERS
ASSOCIATION 711 SECOND AVENUE SEATTLE 4 WASHINGTON
RENO ODLIN CHAIRMAN

711 4

252

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

CONFIDENTIAL

DATE January 29, 1945

TO Secretary Morgenthau
FROM Mr. Haas
Subject: The Business Situation,
Week ending January 27, 1945.

Summary

Industrial production: Despite an improvement in munitions output, the FRB adjusted index of industrial production in December was again unchanged from the previous month at 232. The principal retarding factor was a sharp drop in coal output. For the year 1944, the FRB index averaged 235, as compared with 239 in 1943 and only 109 in 1939.

Steel operations: In the face of heavy war demands, steel operations at Buffalo, Pittsburgh, Cleveland, and various other northern areas have been hit by severe weather conditions which have brought transportation tie-ups and fuel shortages. Steel operations last week were scheduled at 92.6 percent of capacity, down 1.0 percent from the previous week, as compared with 96.3 percent in the week before Christmas.

Commodity prices: Commodity futures continued to move irregularly lower last week under the influence of favorable war developments. Spot prices, however, were generally firm. The question of food subsidies has again arisen, with hearings begun on a bill (S. 298) to extend the life of the CCC which would remove present subsidy limitations.

Southern Hemisphere crops: Prolonged drought has seriously damaged crops and threatens to reduce livestock production in Argentina, Australia, and Brazil. This may increase demands on United States food supplies.

Civilian textile program: A program to channel the reduced supplies of textiles available for civilians into the production of lower-priced essential items was announced by the WPB and the OPA last week. This program is expected to reduce currently inflated clothing prices by 6 or 7 percent.

- - - -

- 2 -

FRB adjusted index of production unchanged in December

The intensified war production drive boosted munitions output moderately in December, but total industrial production, after allowance for seasonal factors, showed no change from the previous month, with the FRB adjusted index remaining unchanged at 232.

Manufacturing activity showed less than the usual seasonal decline last month, while factory employment showed a small gain. (See Chart 1.) Increased activity was noted in the machinery, transportation equipment, chemical, petroleum refining and rubber industries. On the other hand, minerals output declined considerably, due largely to a sharp drop in coal production, with December coal output running 12 percent below the average for the preceding 11 months.

Following a virtually uninterrupted decline in the FRB adjusted index from the wartime peak of 247 attained in the fall of 1943 to 230 last July, the index has since maintained a very steady level, holding at 232 throughout the entire fourth quarter of 1944. For the full year 1944, the index averaged 235, as compared with 239 in 1943 and only 109 in 1939.

War production slightly higher in December

According to a recent WPB report, total war production in December of \$5,445 millions was 1 percent above the previous month but 2 percent behind schedule. Outstanding gains during the month included a rise of 32 percent in critical aircraft, and increases of 12 percent in heavy field artillery and 11 percent in tanks and heavy trucks.

Despite last month's gains, steep increases in the output of most major munitions items have been scheduled for January. Particularly sharp increases are desired in the output of Navy rockets, military dry cell batteries, critical aircraft, truck and bus tires, artillery ammunition and communications wire. A few items were removed from the critical list as a result of December production gains, but on the other hand, requests for increased scheduling of tanks, heavy duty trucks, and various other items are under consideration.

- 3 -

Severe weather snarls transportation
and hampers industry

In the face of heavy pressure for increased war production, activity in northern industrial areas has been hampered in recent weeks by unusually severe weather, which has caused serious transportation tie-ups and aggravated fuel supply shortages. The congestion in freight traffic had become so serious near the end of last week that the Association of American Railroads put into effect a 3-day embargo on all except war freight consigned to, through, and within a 10-state area comprising Indiana, Ohio, Pennsylvania, New York, Maryland, Delaware, New Jersey, West Virginia, Northern Virginia and the lower part of Michigan. The embargo will halt the movement of practically all civilian supplies except under specific certification by the armed services.

As a result of the freight embargo and the tight fuel supply situation, the Solid Fuels Administrator last week restricted coal deliveries to consumers in all or portions of 19 states. Moreover, he urged officials in the affected areas to eliminate or cut down on the use of coal in theatres, amusement centers, libraries, museums, etc., where such action can be taken without endangering health. The restrictions on coal deliveries were imposed to provide a fair distribution of available coal stocks during the transportation emergency. In addition to the distribution difficulties, coal production has been hampered by the severe weather and by delays in unloading coal cars and returning them to the mines. Following a sharp drop last month, preliminary figures indicate that soft coal output in the first 3 weeks in January was 11 percent below the corresponding period last year.

Steel operations slowed

The Buffalo, Pittsburgh, and Cleveland industrial areas are reported to be especially hard hit by the current transportation and fuel difficulties, with operations curtailed at steel mills and other important war industries. Steel operations last week were scheduled at 92.6 percent of capacity -- a decline of 1 point from the previous week and 3.7 points from the level in the week before Christmas. Coal supplies have been cut to abnormally low levels at numerous mills, while shortages of gas and fuel oil have caused some curtailments in operations.

- 4 -

The tie-up in transportation facilities and shortages of supplies in the Buffalo area became so acute near the end of last week that the Republic Steel Corporation was forced to suspend virtually all operations in that locality, while a partial suspension of operations occurred at the Lackawanna plant of the Bethlehem Steel Corporation. In the Pittsburgh area a shortage of gas has been a factor in curtailing operations. At the same time, steel producers in the area report a severe freight jam, with even inter-mill movements on company-owned railroads seriously hampered by weather conditions.

War agencies act to improve manpower utilization

In order to relieve the manpower situation in the 72 areas now classified in the acute shortage group, the WPB has moved to tighten up on further Army and Navy munitions procurement in those areas. Effective February 1, plants in acute labor shortage areas will have to submit for approval all war contracts of \$100,000 or more if such contracts would involve the employment of additional workers. Moreover, in the interest of manpower conservation, the WPB has indicated that further curtailments will be made in the spot authorization program for civilian goods production. Likewise, all currently authorized construction projects will be reviewed in order to ascertain whether they compete for labor needed in building war plants.

During the week the House Military Affairs Committee reported the Bailey-May national service bill favorably to the House, but the eventual outcome of this measure remains to be seen. Meanwhile, the WMC has taken additional steps to relieve manpower shortages in critical industries under existing legislation. Preliminary to its application on a nation-wide basis, the WMC recently put into effect a tightened ceiling-employment program in Allentown, Pennsylvania. Under the program workers are being shifted to war plants from breweries, bottling companies, cement plants and other non-essential industries on a "war work or no work" basis.

Cotton consumption declined in December

Hampered by manpower shortages, cotton textile production continues at reduced levels, despite increased military requirements and a tight supply situation for

civilian cotton goods. Cotton consumption in December amounted to only 761,000 bales, or 9 percent less than in November and 11 percent less than in December a year ago. The decline last month was due in part to a smaller number of working days. Notwithstanding the December decline, the downward trend in cotton consumption has tended to level out during the past several months. (See Chart 2.)

The WPB estimates that cotton textile production in the first quarter of 1945 will be at approximately the same level as that of the last quarter of 1944. However, leading textile men, according to press reports, expect production to fall about 3 to 5 percent below the December rate. Required conversions of looms to meet military needs, and a continued critical manpower situation, are cited as factors which will contribute to a further decline in production. The assignment to mills of a substantial number of soldiers experienced in cotton textile manufacturing may be expected to help the manpower situation to some extent.

Program announced to channel textiles
into essential civilian uses

A program to channel the major part of all textile production available for civilians into essential items in the low and medium-priced ranges was announced jointly by the WPB and the OPA at a conference with industry representatives last week. Such action has been made necessary by the growing shortages of civilian textiles and by increased military demands. Price Administrator Bowles stated that textiles available for civilians this year would be 25 to 30 percent less than in 1939. Moreover, a disappearance of lower-priced goods has accompanied the tightening supply situation, with the result that clothing costs have shown a steady rise, threatening the price stabilization program. The BLS cost-of-clothing index has risen 6 percent during the past year.

It is estimated that under this program about 75 percent of all fabrics available for civilians -- cotton, wool and rayon -- will be channeled into garments which the WPB designates as essential, and the plan is expected to reduce clothing prices about 6 or 7 percent from current levels.

While the details of the program have not been fully worked out, and the formal regulatory order will not be forthcoming for several weeks, the broad outlines of the program include the following provisions:

(1) Textile mills and converters will be required to reserve a high proportion of their civilian fabric production for the manufacture of essential low and medium-priced garments.

(2) A maximum average price regulation will be applied to garment manufacturers and textile mills, returning the average price in each fabric and garment category to the average price levels of the first half of 1943.

(3) Retail prices will be reduced in direct proportion to the lowering of manufacturers' prices, and many of the items will be ticketed by the manufacturers with specific OPA dollar-and-cents ceilings.

Commodity futures irregularly lower but
spot prices firm

Further Russian gains continued to weaken commodity futures last week, although the downward movement was less pronounced and more irregular than in the preceding week. Except for cotton, spot prices continued generally firm. The Dow-Jones futures index, as well as Moody's index of spot prices, showed a very slight decline for the week. (See Chart 3.) The BLS spot index of 28 basic commodities rose 0.2 percent to a new high. (See Chart 4.)

Cotton prices, both spot and futures, declined noticeably last week. In addition to favorable war news, the proposing of a competitive price plan by the president of the National Cotton Council tended to weaken prices. Under this plan the price of cotton would be allowed to seek its competitive level in both the domestic and foreign markets, while the Government would make direct payments to farmers representing the difference between the market price and parity. Transportation difficulties in moving grains have tended to keep cash grain prices firm. Wheat futures showed slight losses last week but cash wheat rose 3 percent. Corn prices rose slightly. Prices of steers advanced over 3 percent, while hog prices remained firm at ceiling levels.

The BLS general index of wholesale prices rose 0.1 percent to a new high in the week ended January 20. The index is now 1.7 percent higher than a year ago and is 39.7 percent above the pre-war August 1939 average. Higher prices for fruits and vegetables, and upward revisions in OPA ceiling prices for five important steel items and for certain types of brick, were largely responsible for the latest advance in the index.

Food subsidy question again before Congress

The question of food subsidies again came to the fore last week with the opening of hearings by the Senate Banking and Currency Committee on a bill (S. 298) to extend the life of the CCC from June 30, 1945 to June 30, 1947. This bill contains a provision which would exempt the CCC from the limitations contained in the Stabilization Extension Act which requires Congress to specifically approve subsidy operations, and to specifically appropriate funds for their operation, after June 30 of this year. Other provisions of the CCC extension bill are: (1) The borrowing power of the CCC would be increased from \$3 billions to \$5 billions. (This increase reflects larger funds needed to carry out the Government's obligations to support farm prices until at least two years after the war.) (2) The CCC would be authorized to sell below parity prices any farm commodities which it has purchased and which are threatened with spoilage. (The CCC's present discretion in such sales is largely limited to fresh fruits and vegetables.) (3) The 300,000-bale limitation on the monthly sales of cotton from CCC stocks would be suspended.

Testifying in favor of the bill, War Food Administrator Jones stated that he favored gradual abolition of farm subsidies after the war, except those which are used in connection with foreign policy, such as export subsidies. Farm prices, however, should be maintained at current levels, he indicated.

Drought severely damages crops in Southern Hemisphere

Protracted drought conditions in the Southern Hemisphere have seriously damaged crops and threaten to reduce livestock production in the important agricultural exporting countries of Australia, Argentina, and Brazil.

The Australian wheat crop is less than one-half that of last year, while the Argentine wheat crop is about two-thirds that of last year. As a result, Australia will have to draw heavily on stocks and will not be able to export much wheat, but Argentina has very large stocks and the crop will be more than sufficient to meet domestic needs. Trade reports from Buenos Aires last week indicated that the corn crop in Argentina this year may not exceed 100 million bushels, which would be 70 percent below that of last year and only one-third as large as the 1937-42 average. Although the crop, together with carryover stocks, might be sufficient to meet domestic needs plus the limited current export demand, Argentine supplies would be inadequate in the event European countries were to come back into the world market for substantial supplies.

With the drought reducing the flaxseed crop to about half that of last year, the Argentine Government has banned the export of this commodity in order to maintain the domestic supply of linseed oil for fuel. At present the livestock situation in the Argentine and Australia is not alarming, although a 9 percent decline in lamb and mutton production is forecast for the latter country in 1945. Australian wool production has been appreciably affected, but stocks on hand are large.

In Brazil, drought conditions curtailed the 1944 coffee crop and are reported to be impairing this year's crop. Brazilian coffee stocks, however, are very large, equal to about two years' exports. Trade reports indicate that due to the drought the cotton crop in Brazil may be only two-thirds that of last year.

Stock prices strengthen

After declining with little interruption for nearly 2 weeks, stock prices rallied substantially in the latter half of last week. (See Chart 5.) Industrial, railroad and utility stocks at the close on Saturday were all above week-earlier levels, with the net gain in the Dow-Jones average of 65 stocks amounting to about 1 percent. Although stock prices improved last week, trading was much less active than in the early part of the month, thus suggesting that the recent fast pace of developments on the Russian front, and domestic political affairs, have engendered renewed caution.

Reversing earlier rising tendencies which carried industrial stock prices in London on January 16 to the highest level in more than 8 years, stock prices in that market have since turned downward. A particularly sharp decline occurred in industrial stock prices at London in the early part of last week, but slight rallying tendencies were in evidence later. Nevertheless, average prices for the week were sharply below week-earlier levels. (See Chart 6.) In London, as in New York, the principal factor behind the recent decline in stock prices appears to have been a renewal of concern over post-war transition problems, as rapid Russian gains conjured up possibilities of an early German collapse.

FACTORY EMPLOYMENT AND OUTPUT

1939 = 100, Unadjusted

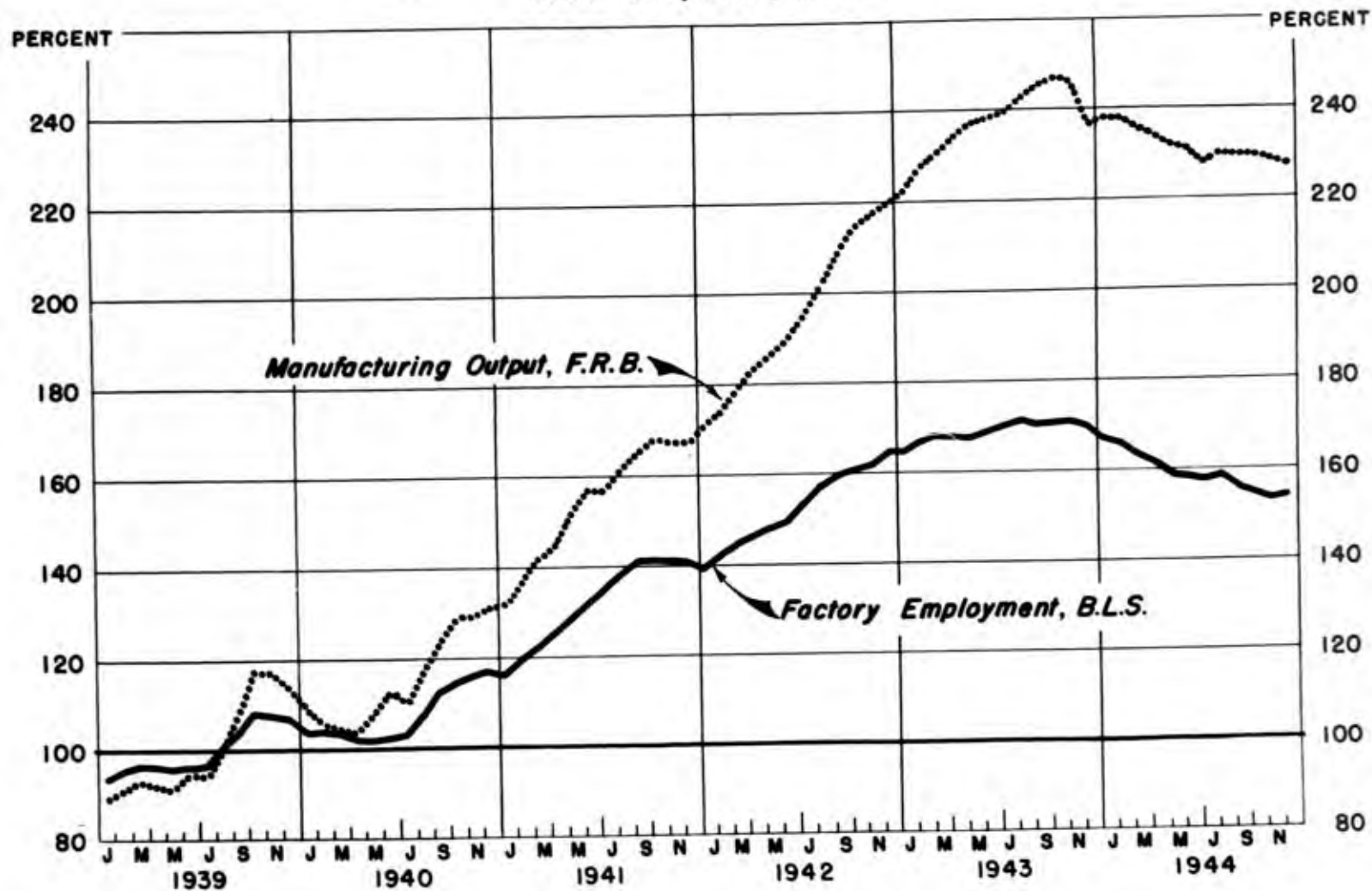
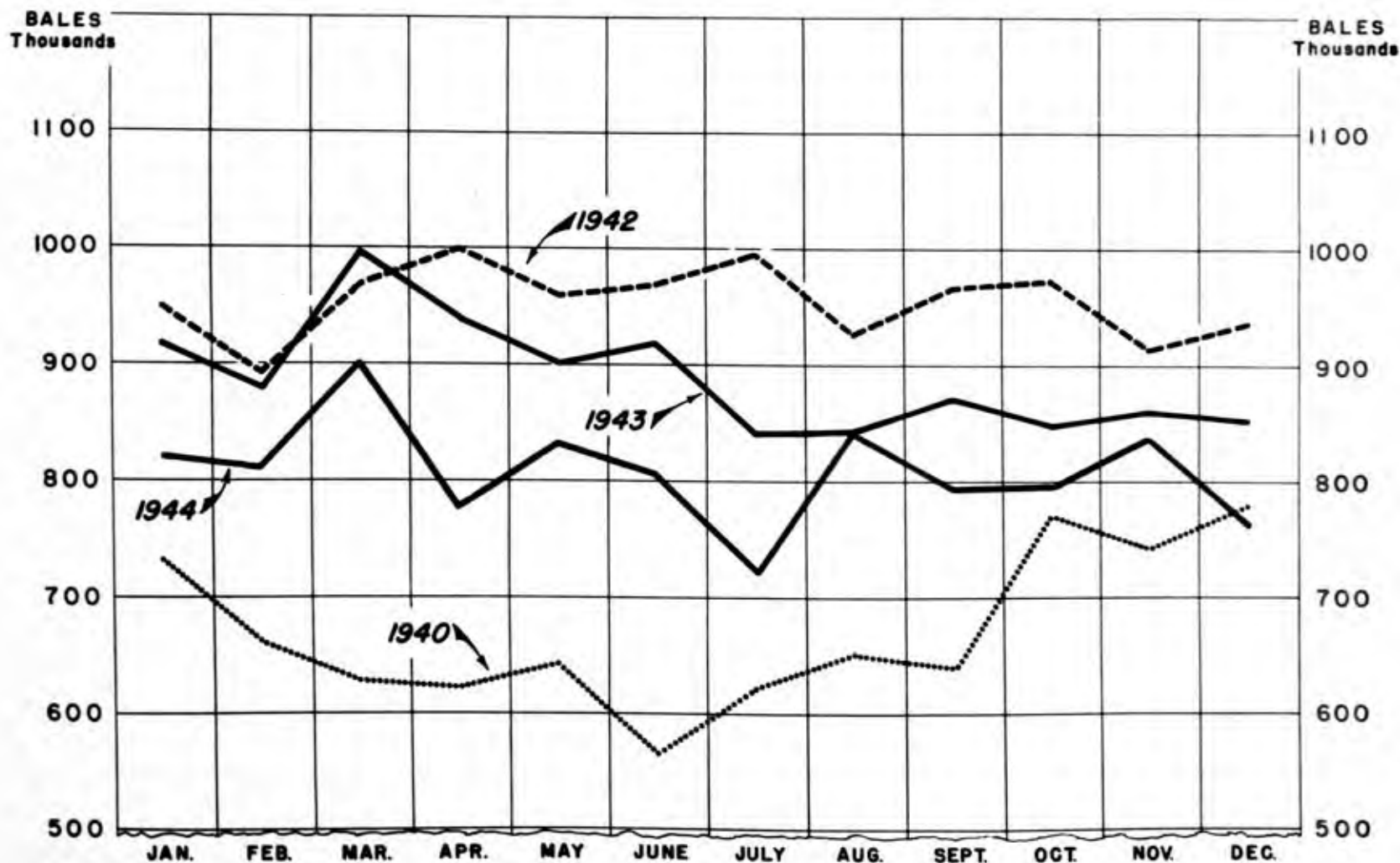


Chart 1

U. S. COTTON CONSUMPTION



Source: Bureau of Census

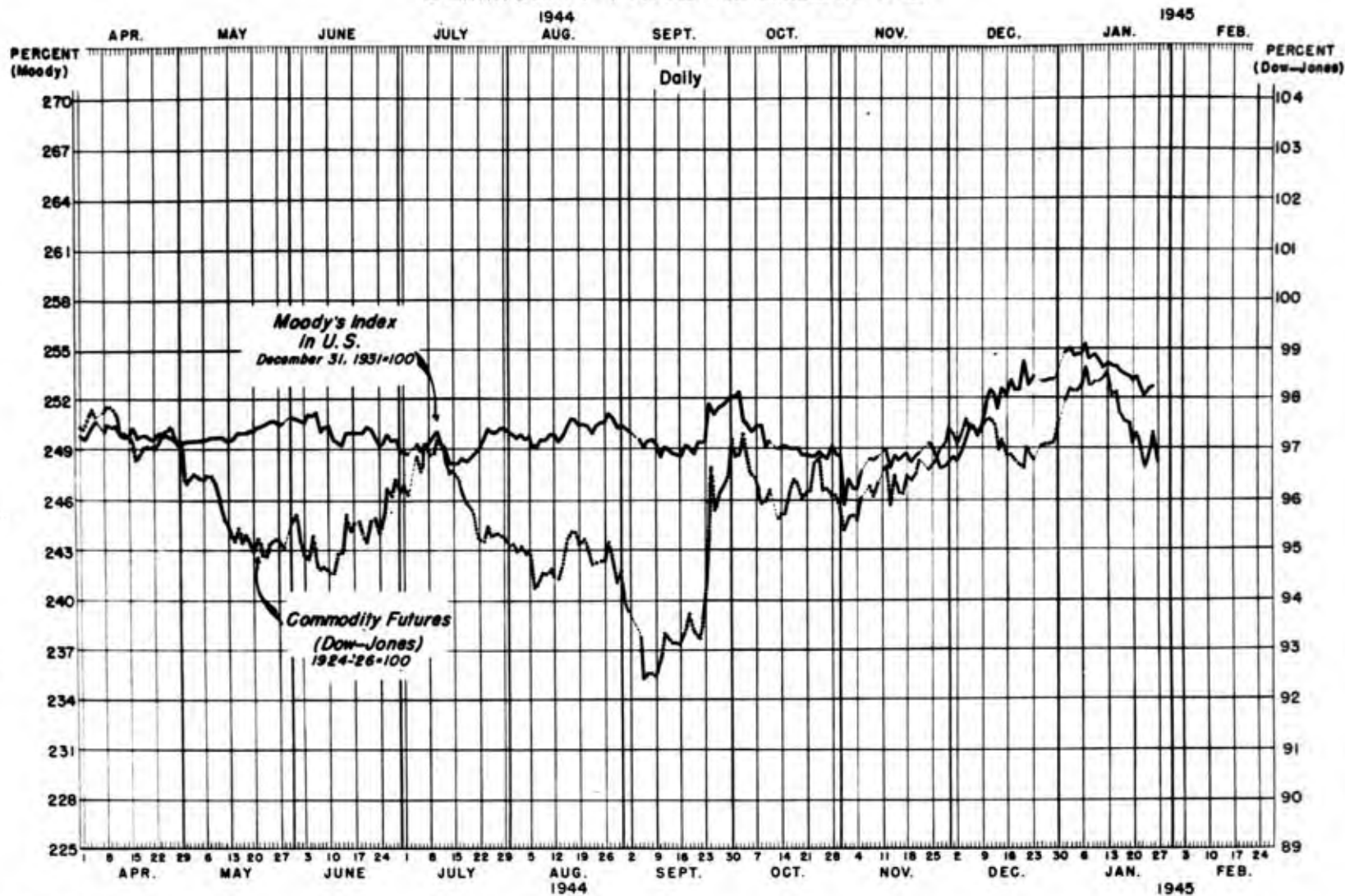
Office of the Secretary of the Treasury
Division of Research and Statistics

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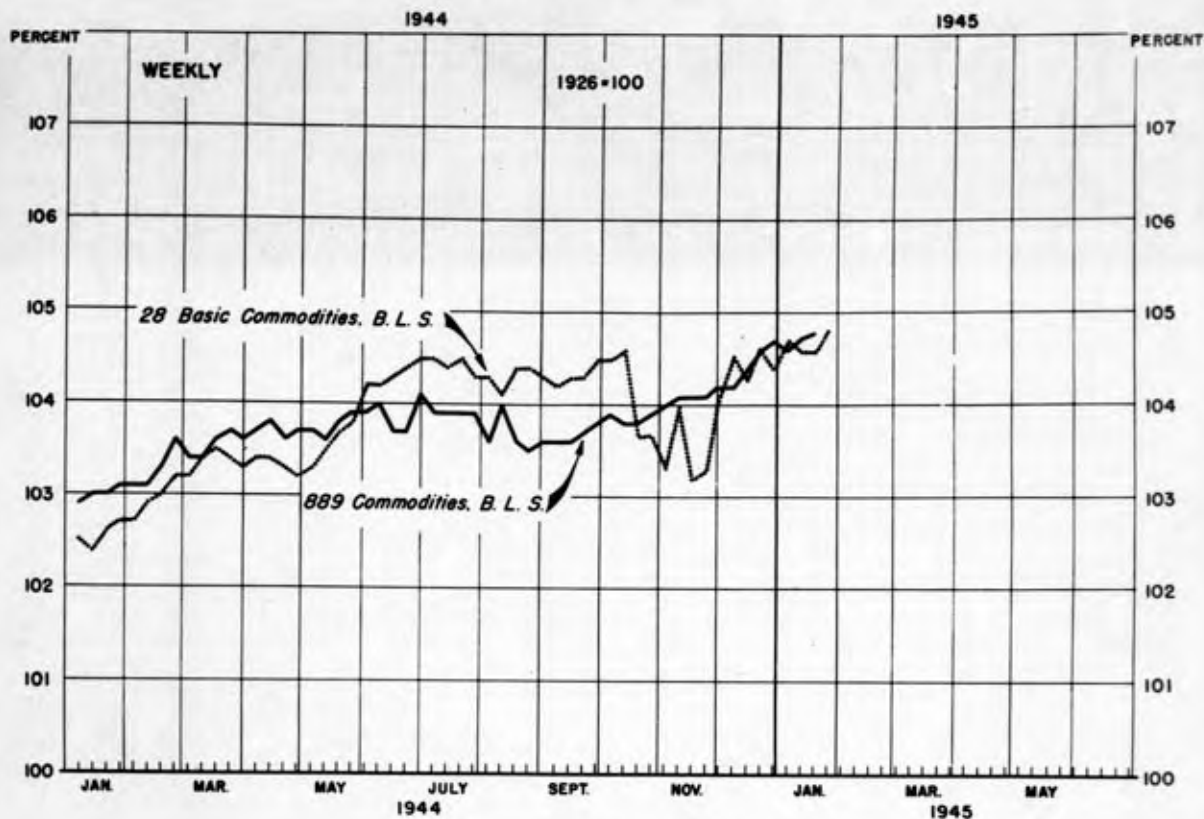
Chart 2

Regraded Unclassified

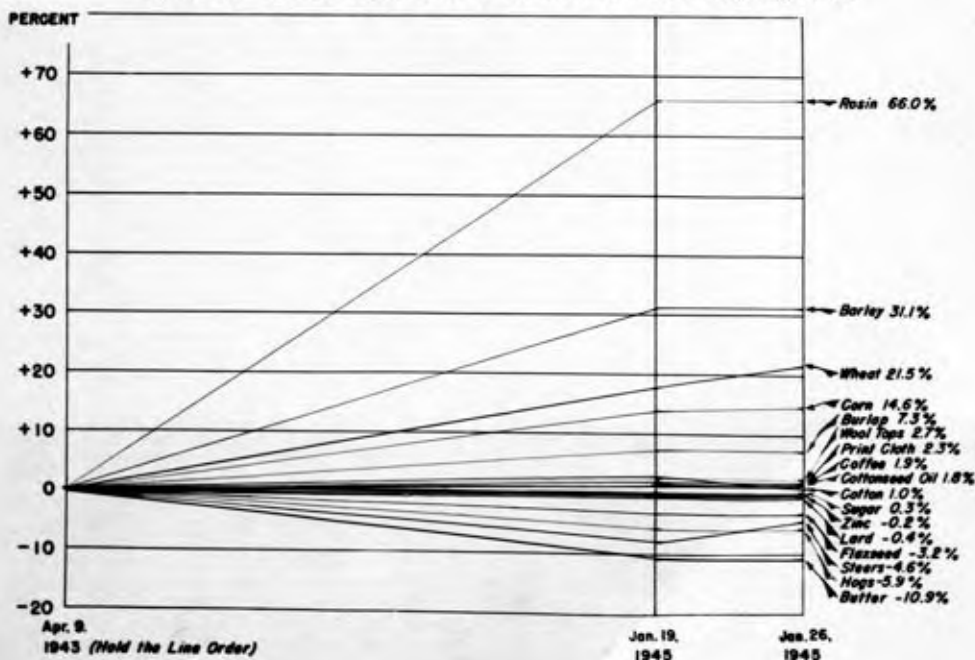
COMMODITY PRICE INDEXES IN U.S.



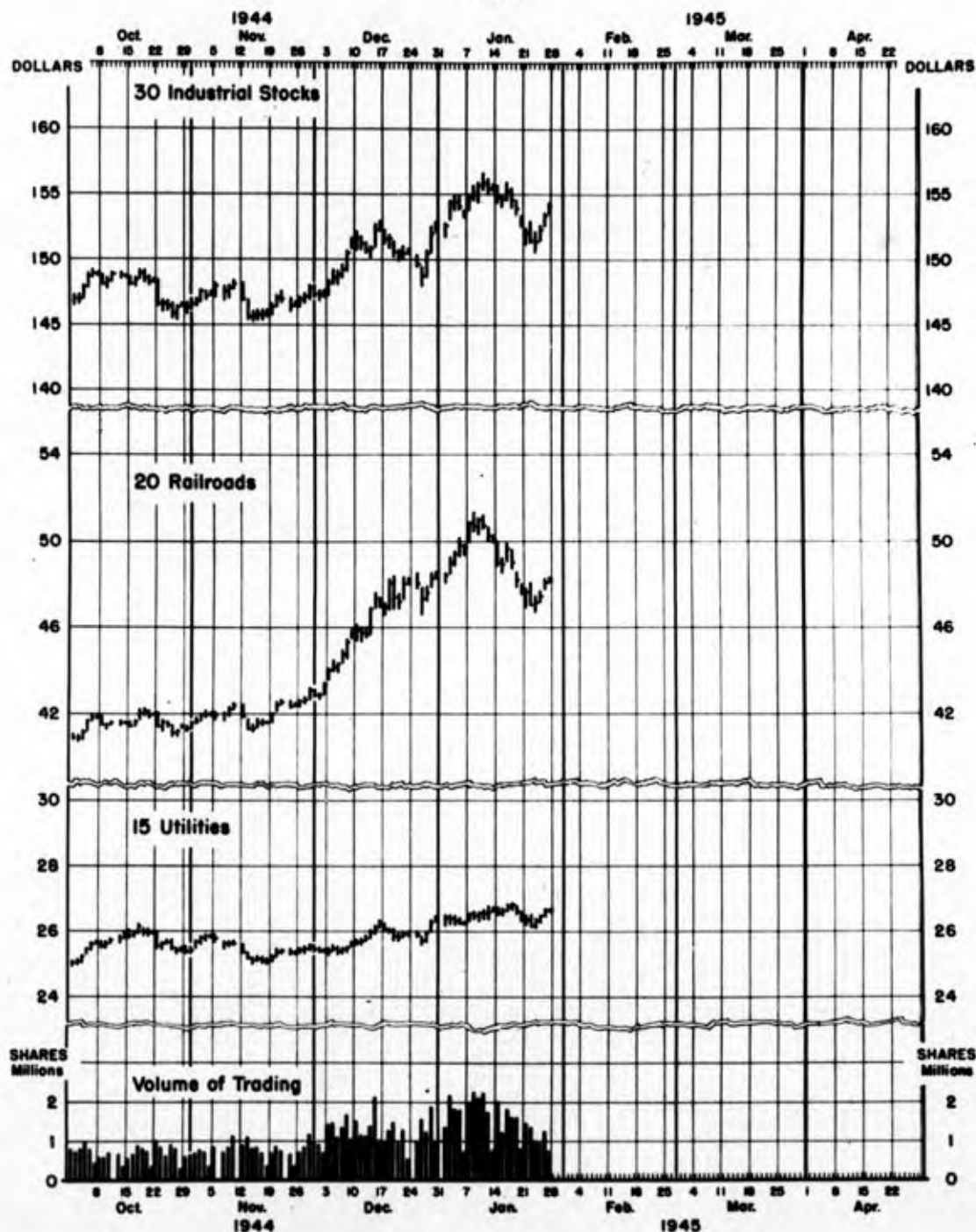
WHOLESALE COMMODITY PRICES



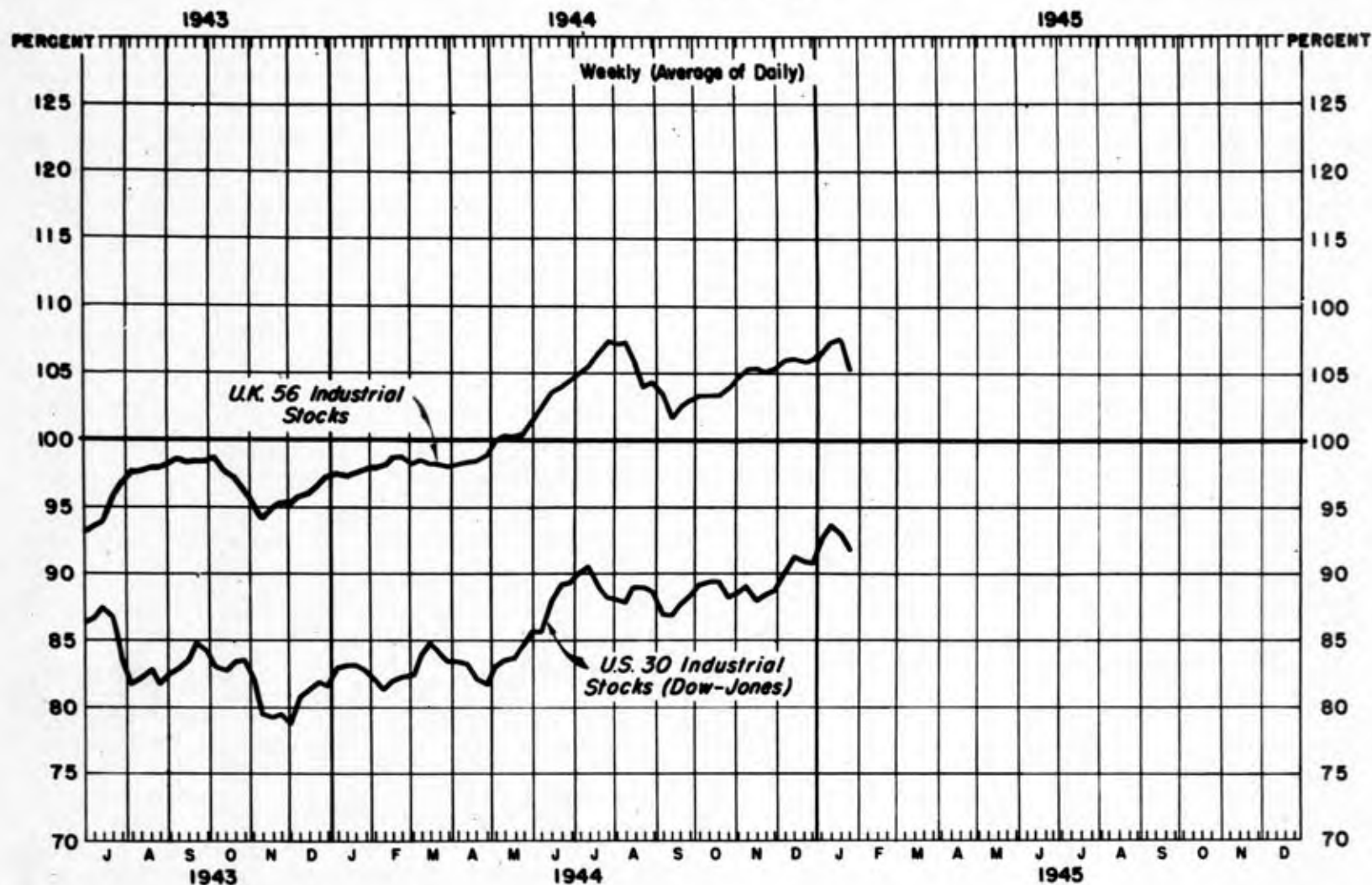
SELECTED BASIC COMMODITIES
Percentage Change April 9, 1943 to Jan. 19 and Jan. 26, 1945



STOCK PRICES, DOW-JONES AVERAGES Daily



INDUSTRIAL STOCK PRICES IN U.S. AND U.K. August 1936 = 100



GIANNINI EMPIRE

(Condensation of first three pages)

1. As of December 30, 1944, Bank of America N. T. & S. A. had \$4,600,000,000 resources and \$4,340,500,000 deposits. If war loan deposits were deducted from the statement of all banks, this bank would be the largest bank in the world. Moreover, the amount of interbank balances which it holds, as compared with the amounts held by other leading banks, gives it an even more commanding position viewed from the standpoint of individual deposits. In addition to this bank, control is exercised over 15 other banks in California alone. These banks have aggregate deposits of \$181,100,000, with the result that in California they control 50 per cent of the banking offices (518) and 41.5 per cent of the deposits.

In Arizona they control 15 per cent of the offices and 23.3 per cent of the deposits; in Nevada 60.9 per cent of the offices and 79.8 per cent of the deposits; and in Oregon 34.3 per cent of the offices and 41.5 per cent of the deposits.

Since 1940 they have acquired 19 unit banks having total deposits of \$180,600,000.

1/29/45

GIANNINI EMPIRE

1. As of December 30, 1944, Bank of America N. T. & S. A. had \$4,600,000,000 resources and \$4,340,500,000 deposits. These figures establish it as the second largest bank and it is claimed that, if war loan deposits were deducted from the statement of all banks, this bank would be first in size.

2. Other banks which are controlled, the date they were acquired, and the deposits which they hold are set out as follows:

<u>Bank</u>	<u>Date Control Acquired</u>	<u>Deposits (June 30, 1944)</u>
<u>In Arizona</u>		
First National Bank of Arizona, Phoenix	4-19-37	\$ 50,948,000
Phoenix Savings Bank & Trust Company	4-19-37	7,589,000
<u>In California</u>		
Central Bank, Oakland	1930	86,385,000
First National Bank of Garden Grove	12-23-38	3,333,000
Bank of Pinole, Crockett	1-31-40	6,123,000
Central Bank of Calaveras, San Andreas	10-10-40	1,881,000
First National Bank of Fairfield	5-22-41	1,697,000
First National Bank of Weed	5-29-41	1,610,000
Temple City National Bank, Temple City	6-17-41	2,394,000
First Trust & Savings Bank, Pasadena	2- 5-42	30,158,000
First National Bank of Bellflower	10-30-43	6,441,000
First National Bank in Santa Ana	1- 5-44	22,748,000
First National Trust & Savings Bank, Santa Barbara	2-16-44	9,865,000
Bank of Newman	2-29-44	4,607,000
Bank of Tehachapi	July 1944	1,141,000
Bank of Corning	Sept. 1944	1,926,000
First National Bank of Los Altos	Nov. 1944	789,000

-2-

<u>Bank</u>	<u>Date Control Acquired</u>	<u>Deposits (June 30, 1944)</u>
<u>In Nevada</u>		
First National Bank of Nevada, Reno	1934	\$ 76,408,000
Farmers Bank of Carson Valley, Inc., Minden	10-26-38	1,799,000
Farmers & Merchants National Bank of Eureka	2-15-40	822,000
Bank of Nevada, Las Vegas	5-17-41	4,544,000
<u>In Oregon</u>		
First National Bank of Portland	1930	399,036,000
Clatsop County Bank, Seaside	10-28-38	2,292,000
Coolidge and McClaine, Silverton	10-28-38	2,978,000
First National Bank of Forest Grove	10-28-38	2,296,000
Bank of Sellwood, Portland	12-13-38	2,653,000
First National Bank of Cottage Grove	1- 5-40	3,638,000
First National Bank of Prineville	4- 2-41	2,634,000
Scio State Bank, Scio	8- 8-42	926,000
Bank of Sweet Home	9-14-42	1,620,000
<u>In Washington</u>		
National Bank of Washington, Tacoma	1936	75,036,000
(Control admitted Nov. 9, 1944)		

3. The persistent policy of expansion which has been pursued in the face of the considered judgment and concerted opposition of all the Federal banking agencies is evidenced by the number of banks which have been acquired since 1940. Moreover, the unwholesome tactics said sometimes to have been resorted to in expanding, including bonuses and pensions to officers of banks whose stock was being sought and the employment, against those who would resist, of brokerage houses and high-powered sales methods accompanied by the circulation of rumors, do not breed confidence.

4. The inordinate proportion of banking resources now controlled is shown in the following table:

**BANKS AND BRANCHES IN THE TRANSAMERICA CORPORATION GROUP
COMPARED WITH ALL BANKS AND BRANCHES IN THE SAME STATES**

(Deposits in thousands of dollars)

	Number of--			Deposits of banks and branches June 30, 1944 ^{2/}
	Banks	Branches ^{1/}	Banks and branches	
Transamerica Corporation banks:				
Arizona	2	4	6	58,537
California	16	502	518	3,926,782
Nevada	4	10	14	83,573
Oregon	9	39	48	418,073
Washington	1	8	9	75,036
Total	32	563	595	4,562,001
All banks in same States:				
Arizona	12	28	40	251,049
California	206	830	1,036	9,458,943
Nevada	9	14	23	104,773
Oregon	71	69	140	1,008,079
Washington	128	94	222	1,732,479
Total	426	1,035	1,461	12,555,323
Ratio (per cent) of Trans- america banks to all banks in same States:				
Arizona	16.7	14.3	15.0	23.3
California	7.8	60.5	50.0	41.5
Nevada	44.4	71.4	60.9	79.8
Oregon	12.7	56.5	34.3	41.5
Washington	.8	8.5	4.1	4.3
Total	7.5	54.4	40.7	36.3

^{1/} The number of branches shown above does not include offices at military reservations, nearly all of which are so-called "banking facilities" provided through arrangements made by the Treasury Department with banks designated as depositaries and financial agents of the Government.

^{2/} Separate deposit figures for branches are not available. June 1944 deposit figures are shown throughout this table, since December 1944 figures are not yet available for some banks and States.

5. The foregoing does not include the measure of control exercised by virtue of a minority interest in two or three smaller banks in California, the majority stockholders of which are presently maintaining control by virtue of voting trusts to which they have subscribed. It does not include the measure of control exercised by virtue of a substantial investment in the National City Bank of New York, making it possible for A. P. Giannini to be on the Board of that bank. Nor does it include the as yet unsuccessful "blitz" made upon the Citizens National Trust and Savings Bank of Los Angeles which itself has \$300,000,000 in deposits and some 30 odd branches in Los Angeles. To date, something over 25 per cent of this bank's stock has been acquired by virtue of which the control over the election of 5 out of the bank's 20 directors is exercised.

6. Activities are not confined to the acquisition and control of banking resources. Huge holdings in real estate are controlled through Capital Company. In the insurance field, control is exercised over Occidental Life Insurance Company of California with book assets of over \$100,000,000; Pacific National Fire Insurance Company with assets of over \$10,000,000; and Premier Insurance Company with assets of around \$3,000,000.

Recent activities in the industrial field have indicated a policy of expansion similar to that followed in banking. To the long-standing control of General Metals Corporation, which did a \$12,000,000 business in 1943, has been added since 1941 Enterprise Engine and Foundry Company, which did a \$16,000,000 business in 1943, the Adel Precision and Products Corporation, which did a \$18,500,000 business in 1943, and the Aerco Corporation, a smaller company, concerning which we have no figures.

To carry this volume of business it was necessary for some of these companies to borrow from banks and from Transamerica Corporation. Here the danger is twofold. Not only are power and control being concentrated but the potential borrower and potential lender are under the same management, a management whose past record in the matter of intercorporate transactions and whose liberality in the extension of credit to controlled corporations is well known. Moreover, there is a known tendency upon its part to take speculative positions and to make speculative investments. Within the period of the acquisitions above set out, there were acquired and sold Axton-Fisher Tobacco Company and Pacific Finance Corporation. According to report, huge profits were made in these transactions but huge losses have been taken in the past and could be taken in the future. Measures should be taken to prevent the lending of depositors' funds to support such undertakings.

A list of controlled nonbanking organizations and the corporation through which they are controlled is as follows:

	<u>Controlled By</u>
Adel Precision Products Corporation, Burbank, California.	Transamerica Corporation
Aerco Corporation, Hollydale, California.	Transamerica Corporation
American Brokerage, Inc. (Inactive), San Francisco, California.	Transamerica Corporation
Capital Company, San Francisco, California.	Transamerica Corporation
Coast Service Company, San Francisco, California.	Transamerica Corporation
Corporation of America, San Francisco, California.	Transamerica Corporation
Enterprise Engine and Foundry Company, San Francisco, California.	Transamerica Corporation
General Metals Corporation, San Francisco, California.	Transamerica Corporation
Inter-America Corporation (Calif.), San Francisco, California.	Transamerica Corporation
Occidental Life Insurance Company, Los Angeles, California.	Transamerica Corporation
Pacific National Fire Insurance Company San Francisco, California.	92% - Transamerica Corporation 8% - Premier Insurance Company
Premier Insurance Company, San Francisco, California.	Transamerica Corporation
Timeplan Incorporated (Inactive), San Francisco, California.	Transamerica Corporation
First Holding Corporation, Pasadena, California.	Transamerica Corporation
Western Furniture Exchange, San Francisco, California.	Capital Company
Inter-America Corporation (Del.) San Francisco, California.	Transamerica Corporation
First Securities Company, Portland, Oregon.	First National Bank of Portland
National Insurance Agency, Phoenix, Arizona.	Phoenix Savings Bank & Trust Co.
California Foundries, Inc., Oakland, California.	Bank of America N. T. & S. A.
Merchants National Realty Corporation, San Francisco, California.	Bank of America N. T. & S. A.

Controlled By

Maier Brewing Corporation, Los Angeles, California	Bank of America N. T. & S. A. (Pledge of stock)
Capwell, Sullivan and Furth, Ltd., Oakland, California (Dept. store)	Bank of America N. T. & S. A. (Pledge of stock)
Banca Immobiliare Italiana, Milan, Italy.	Banca d'America e d'Italia
Societa Edilizia Viareggina, Milan, Italy.	Banca d'America e d'Italia
Societa Immobiliare Lombardi, Milan, Italy.	Banca d'America e d'Italia

Although consistently denied, there is highly persuasive evidence that Pacific Coast Mortgage Company and some of its affiliated companies and subsidiaries, including Bankamerica Company, are under the domination of Transamerica even in the absence of control through ownership of a majority of its stock. Bankamerica Company is a securities company which formerly was admittedly controlled by Transamerica Corporation. This affiliation became unlawful under the provisions of the Banking Act of 1933 and the company, after a series of questionable transfers, ended up with Pacific Coast Mortgage Company as its ostensible owner.

7. The control of such vast resources, in itself, creates the gravest sort of economic problems and these are emphasized when the investment of the controlling individuals is as insignificant as is the case here. Likewise, the mere possession of such power, even if it were not used (and there is plenty of evidence that it has been) has far-reaching political implications, particularly when the power is in the hands of a management which is openly hostile to the policies of this Administration and is defiant of all Federal authority as is this one. It is unfortunate that it is necessary to do anything at this time but the choice is not ours. This management recognizes no truce. Indeed, it takes advantage of the times to get its hands on more and more economic resources with the result that, if nothing is done, we may come to the end of the war and find that a Fascist economic empire has been built within our own borders.

8. We would like to get support for legislation which would stop this uncontrolled expansion and eliminate the evils and potentially dangerous consequences inherent in the common management and control of banking and nonbanking enterprises. If the type of legislation recommended in the Board's Annual Report for 1943 should be enacted but should fail to accomplish the required results, then, as between the existing situation and the complete dissolution of all bank holding companies, the latter is the only choice. Now is no time, however, to force the liquidation of all such companies, practically all of which conduct their affairs properly and some of which offer banking services where otherwise the services are not available.

TRANSMITTAL SLIP

274 ✓

Date 1/29/45

To: Mrs. Klotz

Sec. to Mr. Morgenthau

This should go with memo of Jan. 25 on the
same subject.

Thanks.

Miss Pete

E. S. Greenbaum
Brigadier General
Executive Officer, OUSW

Pentagon 3E 724.
Form OSW-28
(3-6-44)

Extensions
2216 3967

Files

23 January 1945

Gen. Greenbaum

Impressions of Artillery Crews as to their Visits to the Plants.

Members of Teams #1 and #2 were interviewed by this office on 19 January and 22 January with Col. O'Grady. Personnel of these teams and their itineraries are indicated on attached memorandum. The following briefly summarizes some of the points made by both teams. The reactions were strikingly alike.

1. The general impression was that the work was well worthwhile and served as a fine stimulus to the men and women in the plants. Teams #2 reported on the good effect produced in the plants visited by the Under Secretary and Team #1 commented on the good effect that had been created in the plants previously visited by the Firepower Caravan.

2. All personnel stated that the principal thing that the workers at the plants were interested in was obtaining the truth. They wanted the "real lowdown" no matter whether it was good or bad. There was a strong disinclination on the part of the workers to believe what was told to them. They felt that it was in the nature of propaganda to aid war bond drives, etc.. As an example of this, Team #1 stated that even immediately after they had finished formal addresses at the stated meetings and mingled individually with the workers, time and again they were asked the question if the Army really needed ammunition. Nearly all the men stressed the fact that the stories they read in the newspapers and magazines almost invariably understated the seriousness of losses and underplayed the toughness and hardships that fighting men have to undergo. As an example, Capt. Hunting of Team #1 told of a Japanese strike at an ammunition dump at Hollandia where he was present. Heavy losses were sustained and millions of dollars of ammunition was lost. Weeks later he saw a newspaper account that said "Slight Damage was done". Other men give similar instances of this.

3. The workers expressed great interest in the performance and use of the item that they made. Many questions were asked about this. For example, those working on fuses wanted to know exactly how it worked, how good the performance was, etc. Similarly, there were numerous questions as to shells, where the burst occurred, what was the destructive area, what was the range, etc.

4. Nearly all the men said that they were deeply impressed by the difficulty of making shells, fuses and other components. They had no idea that so much work was involved and could now see all the steps that had to be taken to produce a finished round of ammunition.

5. The presence of women, particularly old women, at the plants made an impression on all. The earnestness with which women and many men who had

23 January 1945

relatives in the Service worked impressed all of them. They were asked numerous questions about a particular outfit in which some relative was and what work that type of service required, etc. On the whole, they felt that the workers at the plants were really doing a job but the workers themselves made reference to the fact that in various communities there were idle young men—"bums"—just hanging around the town.

6. The need for additional workers at the plants was repeatedly stressed by management. Team #1 felt that there was a ~~XXXX~~ labor shortage in 70% of the plants, particularly in New England and New York. The effect of optimism was reported to them as being an important factor not only in recruiting workers but as affecting the turnover problem. They were constantly told about men leaving jobs in order to look for a permanent position.

7. Capt. Hunting of Team #1 (who had served in the Pacific) felt that there was not enough emphasis on the Japanese war and strongly recommended that men from the Pacific Theater be included in the next teams.

8. Negro workers asked repeatedly how the colored troops were doing. Both teams were able to report good work on the part of colored troops, including work under fire, and they stated that their report as to this seemed to have a good effect upon the negro workers. The teams had no experience, however, with combat colored troops but suggested that it would be well if some negroes who had been in action were carefully chosen and brought to the plants.

9. Management was generally very cooperative and eager for the visits. It was uniformly found that when management was enthusiastic about their work spirit at the plant was good and conversely, in the few cases in which management was unenthusiastic, the workers at the plants seemed listless and dull and the men appeared to be laying down on the job.

ESG/me

E. S. G.

Cy to: Mr. Petersen
Col. Cow
Col. O'Grady

Treasury Department
Division of Monetary Research

Date January 29 1945

To: Secretary Morgenthau

From: H. D. White

This is a copy of the letter you
referred to this morning.

DEPARTMENT OF STATE

December 13, 1944

My dear Mr. Anderson:

The receipt is acknowledged of your letter of December 6 on the subject of our relations with Argentina.

The Department has consistently maintained the position that the United States should not enter into normal diplomatic relations with the Fascist military clique which at this time is in control of the government of Argentina. The pro-Axis record of this regime is, I am sure, too well known to require detailed elaboration. Until it is conclusively demonstrated by unequivocal acts that there has been a fundamental change of Argentine policy in favor of the cause against the Axis and in support of inter-American unity and common action, this Government is not in a position to take any action calculated to benefit or strengthen that regime.

As regards our economic relations with Argentina, the Department has been and continues to be guided by the consideration that the urgent requirements of the war effort must take precedence over all others. Continued trade with Argentina, therefore, has been subject to that consideration and to the practicability of using alternative sources of supply.

I am enclosing as of interest to you in this regard a copy of a statement by former Secretary Hull of July 26, setting forth the position of this Government on the Argentine problem, together with a copy of the President's statement of September 29 on this same subject. (not attached)

Thank you for your personal comments and good wishes. I assure you that I appreciate them.

With best wishes,

Sincerely yours,

/s/ Edward R. Stettinius, Jr.

The Honorable

John Z. Anderson

House of Representatives

House
A

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE January 29, 1945.

TO Secretary Morgenthau

FROM Mr. White

RDW

Information

You will recall that on January 8 I informed you that we had received information from Hoffman indicating that certain German, French, and American interests are establishing a bank (Banque J. E. Charles and Cie.) in Monaco for the purpose of cloaking collaborationist and German assets.

On the basis of further advice from Hoffman that Pleven would welcome action by Treasury to deny the interests involved the free use of United States financial facilities, we have revoked all outstanding licenses issued with respect to Frank Jay Gould's accounts and are restricting withdrawals to the minimum amount necessary for the operation of his New York office and home. In addition, we are designating as Special Blocked Nationals his wife, Florence Gould, as well as the Banque Charles and the French and German interests participating in its establishment.

In advising Hoffman of this action we are also instructing him to "inform Pleven that it is the position of this government that American citizens will not be protected by this government from punitive measures which the French authorities might wish to take against them for having participated in deals" for the purpose of cloaking collaborationist and German assets.



DEPARTMENT OF STATE
WASHINGTON

January 29, 1945

AM

Dear Henry:

Thanks for your letter of the 26th
enclosing copy of a memorandum on the subject of
a reconstruction credit to Russia.

I hope to be in position to discuss this
matter with you shortly.

Sincerely yours,

Will.

W. L. Clayton
Assistant Secretary

The Honorable
The Secretary of the Treasury



Secret 2
201

TO:

Secretary Morgenthau

In view of your
interest in the Soviet Program
you may want to glance
through this

Jan 29, 1945

OJC

Oscar Cox

6-2358

SECRET

Copy OLT

STATUS OF THE SOVIET AID PROGRAM

AS OF NOVEMBER 30, 1944

**Prepared for the President's Soviet Protocol Committee
by the Foreign Economic Administration
January 12, 1945**

STATUS OF THE SOVIET AID PROGRAM PERFORMANCE DURING NOVEMBER

Cargo shipped from the Western Hemisphere to the U.S.S.R. in November totaled 556,400 long tons -- 242,500 tons via the Atlantic Route and 313,900 tons via the Pacific Route. November shipments were 21,400 tons below the average for the first four months of the Fourth Protocol year. Shipments during the first five months of the Protocol have totaled 2,867,800 tons.

The proposed Fourth Protocol commitment which called for shipment of a minimum of 5,089,300 tons is being revised to provide for an additional program requested by the Soviet Government.

Cargo shipped during November and the first five months of the Fourth Protocol period is summarized in the following table:

Type of Cargo	November 1944		July-November 1944	
	Long Tons	Percent of Total	Long Tons	Percent of Total
U. S. SUPPLIES				
R.R. Transportation Equip.	41,400	7%	221,000	8%
Trucks and Other Vehicles	66,200	12	304,800	11
Metals	115,800	21	622,100	21
Chemicals and Explosives	38,500	7	219,300	8
Petroleum Products *	67,900	12	369,500	13
Machinery and Equipment	44,200	8	265,400	9
Food	102,600	18	544,400	19
Other U. S. Supplies	26,300	5	161,700	5
U. S. TOTAL	502,900	90	2,708,200	94
BRITISH AND CANADIAN SUPPLIES	53,500	10	159,600	6
TOTAL	556,400	100%	2,867,800	100%

* Does not include clearance through the Persian Corridor of approximately 175,558 long tons of petroleum products supplied by U.K. refineries at Abadan for U.S. account and replaced by U.S. to other U.K. areas.

During November 267 Army Aircraft were flown from Fairbanks, Alaska by Soviet pilots. Of the total flown, 159 were P-63 fighters, 79 were B-25 medium bombers and 29 were C-47 transport planes. The P-63's included the last fighter to be delivered to the Soviet Union for the account of the United Kingdom under reciprocal agreements of the Second and Third Protocols. All aircraft deliveries to the U.S.S.R. are now being made via Alaska. As of November 30, the last 29 planes were being made ready for delivery to Soviet pilots at the Army Air Forces depot at Abadan.

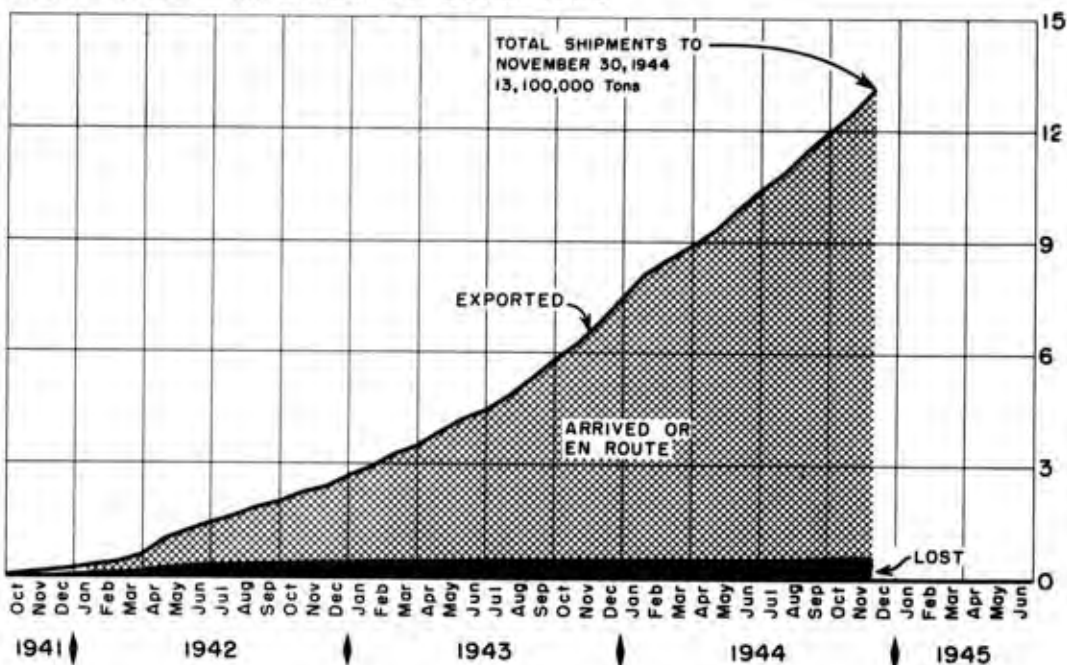
Other important items shipped from the United States in November included: 213 medium tanks, 50 tank transporters, 11,922 trucks, 908 motorcycles, 242 artillery tractors, 113 steam locomotives, 1367 R.R. flat cars, 454 Marine Engines, military construction equipment valued at \$141,000 and other machinery and equipment valued at \$37,364,000.

FOURTH PROTOCOL NEGOTIATIONS

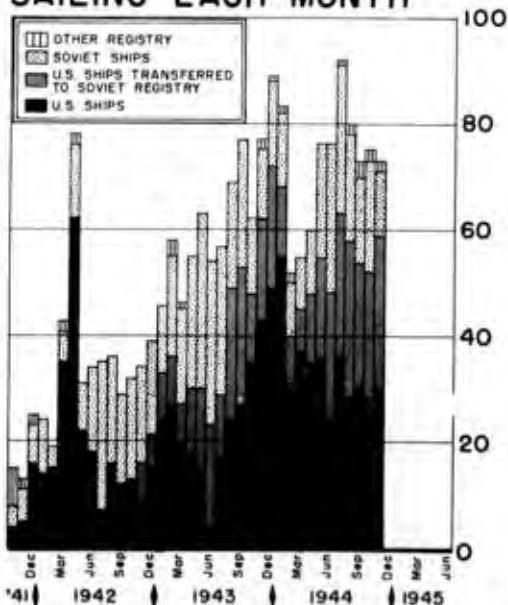
The Fourth Protocol has not been signed pending completion of details in the schedules of the three supplying countries. The schedules as they now stand are being used as the basis for operations, and this report is prepared in accordance with this principle.

SECRET

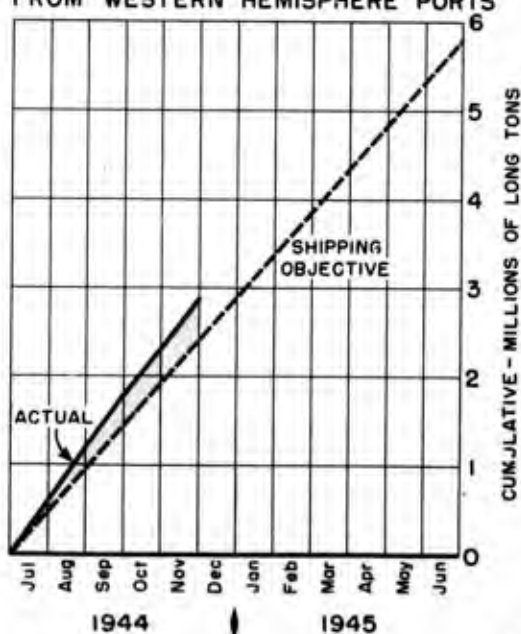
SHIPMENTS TO U.S.S.R. CUMULATIVE - MILLIONS OF LONG TONS



NUMBER OF SHIPS SAILING EACH MONTH



FOURTH PROTOCOL CLEARANCES FROM WESTERN HEMISPHERE PORTS



Foreign Economic Administration

1-2000

Regraded Unclassified

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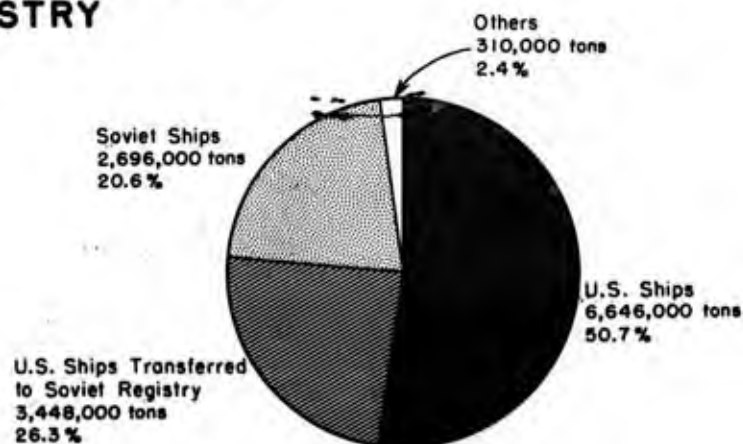
ACTUAL SHIPMENTS VS SHIPPING OBJECTIVE

FOURTH PROTOCOL - CUMULATIVE

MONTH	ACTUAL SHIPMENTS			SHIPPING OBJECTIVE	ACTUAL IN % OF OBJECTIVE
	ATLANTIC ROUTE	PACIFIC ROUTE	TOTAL		
JUL 1944	283,153	341,425	624,578	483,632	129.1 %
AUG	505,152	680,914	1,186,066	967,263	122.6
SEP	783,568	982,415	1,765,983	1,450,894	121.7
OCT	1,019,541	1,291,843	2,311,384	1,934,525	119.5
NOV	1,262,057	1,605,753	2,867,810	2,418,156	118.6
DEC				2,901,786	
JAN 1945				3,385,417	
FEB				3,869,048	
MAR				4,352,679	
APR				4,836,310	
MAY				5,319,941	
JUN				5,803,571	

Data on actual shipments and objective are in long tons

DISTRIBUTION OF TONNAGE BY SHIP REGISTRY



SHIPMENTS, IN GROSS LONG TONS, FROM OCTOBER 1, 1941 TO NOVEMBER 30, 1944

Foreign Economic Administration

Regraded Unclassified

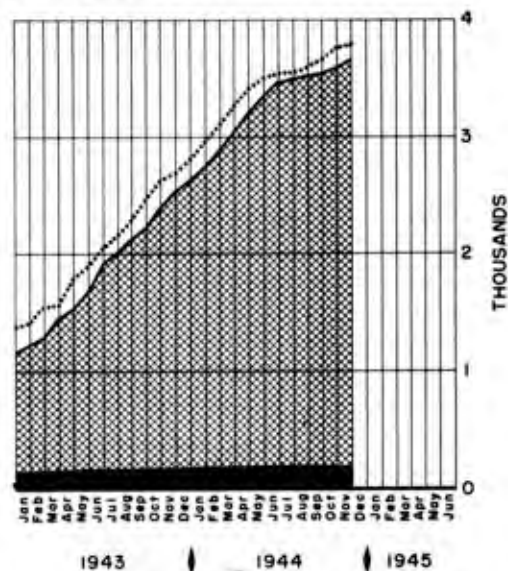
EXPORTS AND AVAILABILITY

CUMULATIVE SINCE OCTOBER 1, 1941

..... Quantity made available of
U.S. centers of production

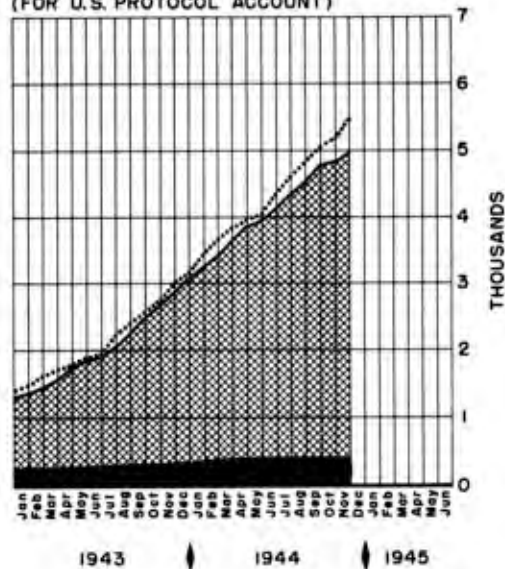
Exported
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En Route
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BOMBERS

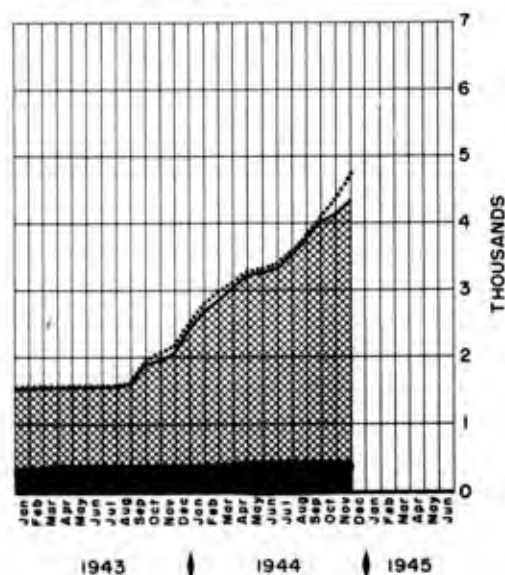


PURSUIT PLANES

(FOR U.S. PROTOCOL ACCOUNT)

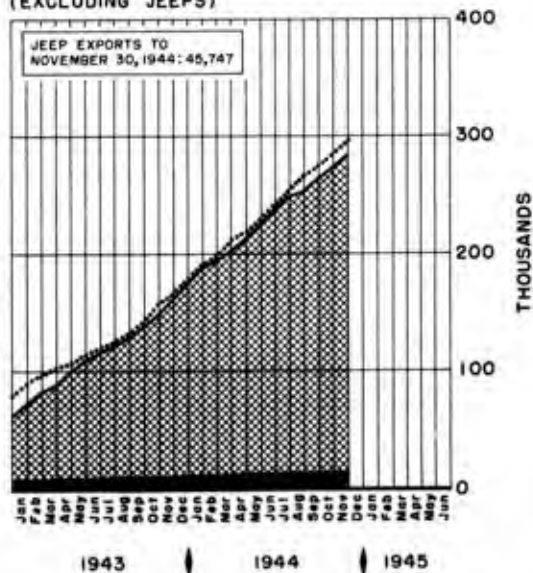


MEDIUM TANKS



TRUCKS

(EXCLUDING JEEPS)



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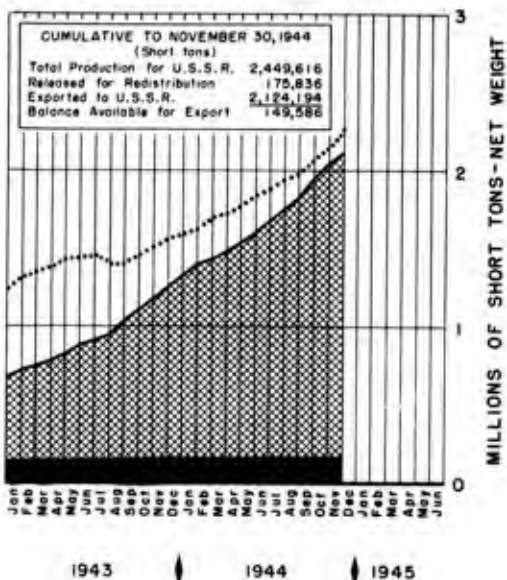
EXPORTS AND AVAILABILITY

CUMULATIVE SINCE OCTOBER 1, 1941

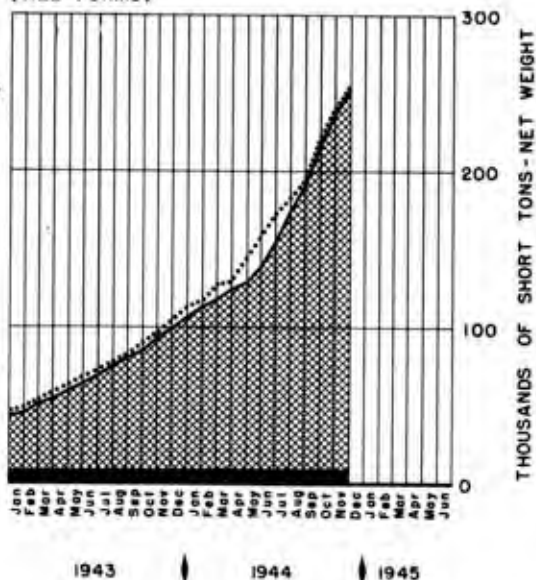
..... Quantity made available at U.S. centers of production



STEEL

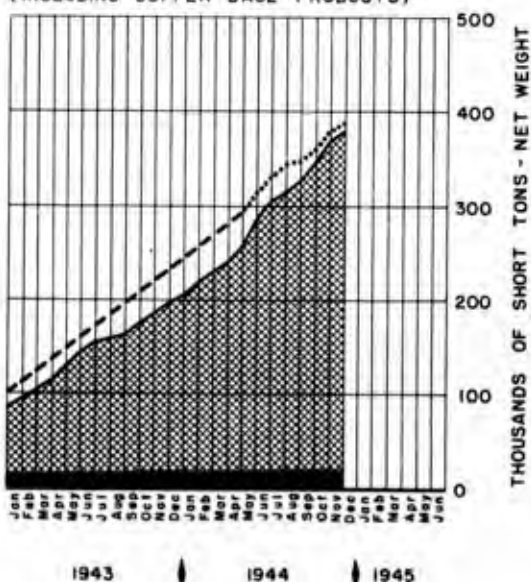


ALUMINUM (ALL FORMS)

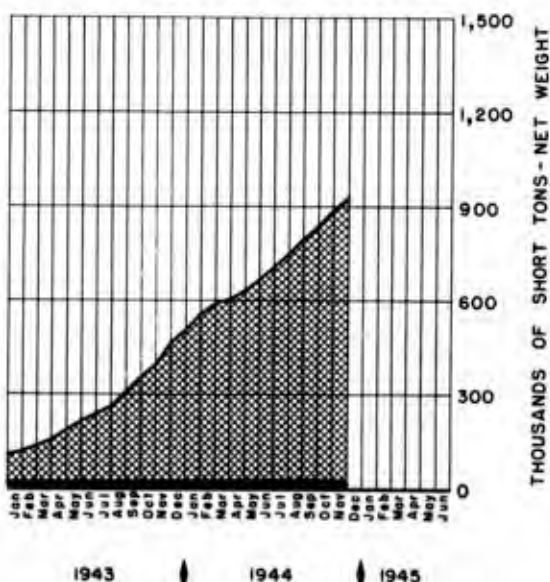


COPPER

(INCLUDING COPPER BASE PRODUCTS)



CHEMICALS AND EXPLOSIVES



SECRET

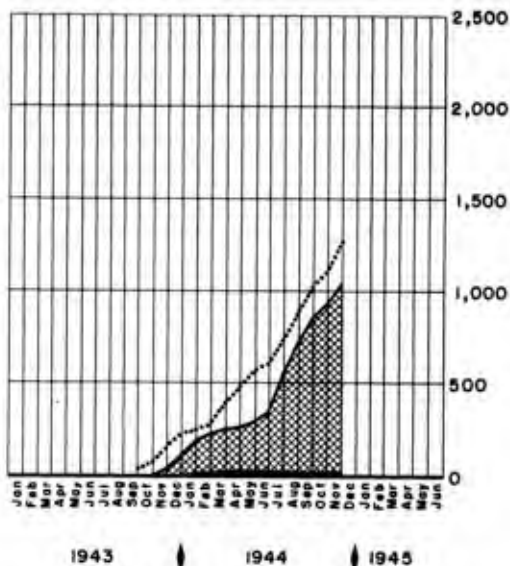
EXPORTS AND AVAILABILITY

CUMULATIVE SINCE OCTOBER 1, 1941

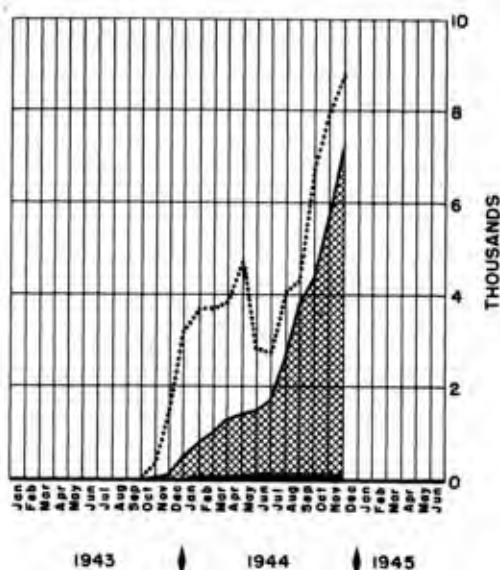
..... Quantity made available at
U.S. centers of production

Exported
Arrived or
En Route
Lost

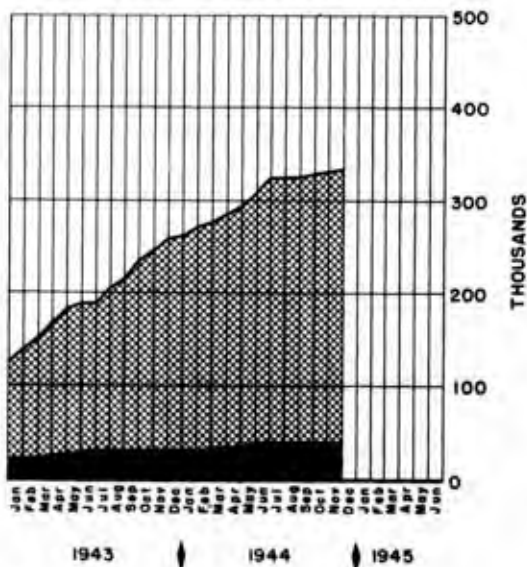
LOCOMOTIVES



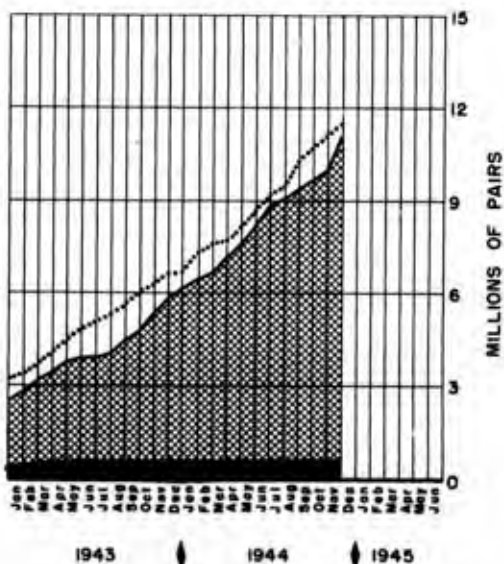
FLAT CARS



FIELD TELEPHONES



ARMY BOOTS



Foreign Economic Administration

8-5555

Regraded Unclassified

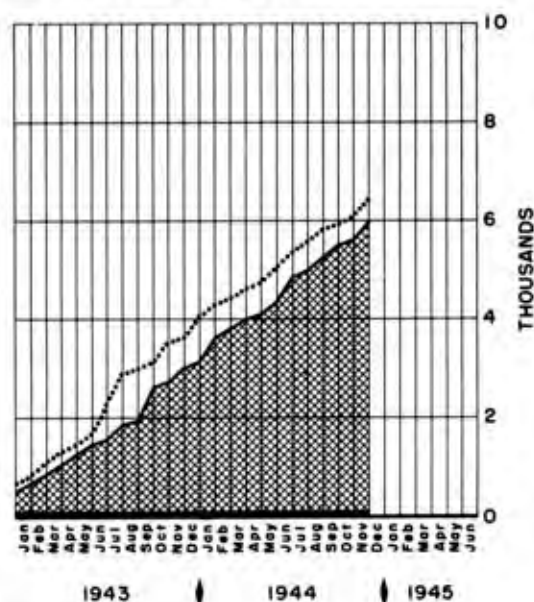
EXPORTS AND AVAILABILITY

CUMULATIVE SINCE OCTOBER 1, 1941

..... Quantity made available at
U.S. centers of production

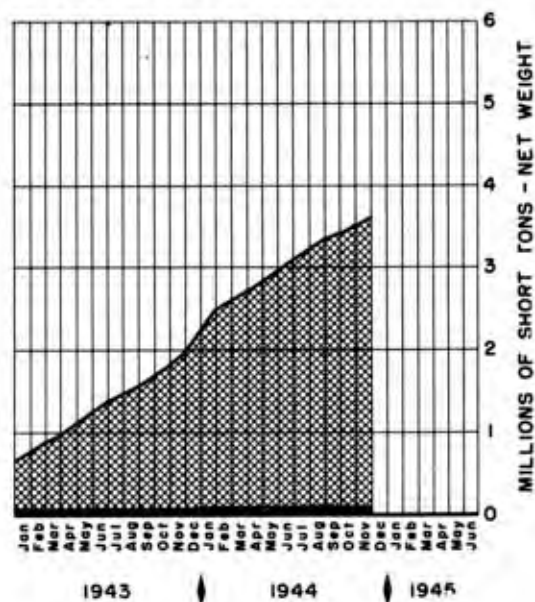
Exported
Arrived or
En Route
Lost

MARINE ENGINES



Foreign Economic Administration

FOODSTUFFS



STATEMENT OF VESSELS SAILED TO U.S.S.R
As of November 30, 1944

Date of Sailing	Number of Vessels Sailing					Arrived	En Route as of Nov. 30	Cargo Disch. in U.K.	Lost	Losses by Month
	For North Russia	For Persian Gulf	For Soviet Arctic	For Soviet Far East	Total					
1941 Oct	10	-	-	5	15	14	-	-	1	-
Nov	9	1	-	3	13	12	-	-	1	-
Dec	14	7	-	4	25	22	-	-	3	1
1942 Jan	20	-	-	4	24	19	-	1	4	3
Feb	13	2	-	4	19	16	-	-	3	1
Mar	31	6	-	6	43	32	-	4	7	9
Apr	62	6	-	10	78	46	-	13	19	-
May	14	10	-	7	31	21	-	4	6	6
Jun	8	11	6	9	34	27	-	-	7	6
Jul	2	5	16	12	35	34	-	-	1	16
Aug	11	5	1	19	36	33	-	-	3	1
Sep	4	8	-	17	29	29	-	-	-	10
Oct	-	13	-	19	32	32	-	-	-	-
Nov	-	8	-	26	34	32	-	-	2	3
Dec	4	11	-	24	39	38	-	1	-	-
1943 Jan	12	12	-	22	46	38	-	8	-	-
Feb	23*	7	-	28	58	36	-	20	2	1
Mar	1	19	-	26	46	44	-	1	1	2
Apr	-	18	-	37	55	54	-	-	1	1
May	-	15	4	44	63	62	-	-	1	-
Jun	-	4	5	45	54	54	-	-	-	2
Jul	-	17	16	24	57	57	-	-	-	-
Aug	-	24	7	38	69	67	-	-	2	2
Sep	-	27	-	50	77	77	-	-	-	-
Oct	10	25	-	27	62	61	-	-	1	-
Nov	20*	25	-	32	77	76	-	-	1	1
Dec	29*	21	-	39	89	87	-	-	2	-
1944 Jan	30	26	-	27	83	82	-	-	1	3
Feb	17**	16	-	19	52	51	-	-	1	1
Mar	16	21	-	18	55	53	-	-	2	1
Apr	-	35	-	25	60	59	-	-	1	3
May	-	36	-	40	76	76	-	-	-	-
Jun	-	24	9	43	76	76	-	-	-	-
Jul	20	17	15	40	92	91	-	-	1	1
Aug	25	5	9	41	80	80	-	-	-	-
Sep	23	11	1	38	73	73	-	-	-	-
Oct	10	20	-	45	75	53	22	-	-	-
Nov	20*	12	-	41	73	5	68	-	-	-
Dec										
Total Oct. 1941 to Nov. 30, 1944	458	530	89	958	2,035	1,819	90	52	74	74

* Includes one tanker from U.K. for U.S. Protocol Account.

** Includes two tankers from U.K. for U.S. Protocol Account.

Of the 2,035 sailings from October 1, 1941 to November 30, 1944, 934 were made by American vessels, 630 by Soviet vessels, 435 by American vessels transferred to Soviet registry, 35 by British vessels and 1 by a Swedish vessel. In addition to the 2,035 sailings, there were 112 ships that loaded partial cargoes in the U.S. for the U.S.S.R. In addition to the 74 ships shown above as lost, several ships have been sunk on their return voyages.

SECRET

STATEMENT OF CARGO SHIPPED TO U.S.S.R.

As of November 30, 1944

(Thousand of Gross Long Tons)

	For North Russia	For Persian Gulf		For Soviet Arctic	For Soviet Far East		Total	Arrived	En Route as of Nov. 30	Disch. or on Hand in U.K.	Lost	Losses by Month
		Full Cargoes	Partial Cargoes		Full Cargoes	Partial Cargoes						
1941 Oct	48	-	-	-	17	-	65	62	-	-	3	-
Nov	41	3	-	-	14	-	58	55	-	-	3	-
Dec	50	10	-	-	11	-	71	63	-	-	8	3
1942 Jan	63	-	-	-	26	-	89	72	-	1	16	9
Feb	66	4	1	-	20	-	91	76	-	-	15	5
Mar	171	17	1	-	25	-	214	163	-	5	46	42
Apr	376	21	-	-	38	-	435	267	-	40	128	-
May	92	79	8	-	33	-	212	141	-	19	52	38
Jun	55	84	7	18	31	-	195	139	-	-	56	55
Jul	13	39	25	46	59	1	183	174	-	-	9	114
Aug	69	40	25	2	83	-	219	197	-	-	22	7
Sep	28	63	9	-	79	-	179	179	-	-	-	65
Oct	-	109	12	-	108	-	229	229	-	-	-	2
Nov	-	66	5	-	106	1	178	165	-	-	13	17
Dec	29	83	9	-	123	-	244	237	-	7	-	2
1943 Jan	73	83	4	-	98	-	258	210	-	48	-	2
Feb	173	40	-	-	129	-	342	178	-	150	14	8
Mar	9	131	-	-	123	-	263	246	-	9	8	16
Apr	-	138	5	-	194	-	337	330	-	-	7	7
May	-	112	9	13	216	-	350	343	-	-	7	-
Jun	-	25	4	16	229	1	275	275	-	-	-	15
Jul	-	116	10	58	152	-	336	336	-	-	-	-
Aug	-	173	4	32	261	-	470	456	-	-	14	14
Sep	-	194	4	-	313	-	511	511	-	-	-	-
Oct	66	187	6	-	181	-	440	431	-	-	9	-
Nov	145	194	1	-	229	-	569	561	-	-	8	9
Dec	214	167	-	-	262	-	643	629	-	-	14	-
1944 Jan	222	202	-	-	176	-	600	597	-	-	3	22
Feb	127	114	-	-	100	-	341	333	-	-	8	3
Mar	110	152	-	-	91	-	353	339	-	-	14	8
Apr	-	275	-	-	134	-	409	405	-	-	4	18
May	-	287	-	-	264	-	551	551	-	-	-	-
Jun	-	187	-	28	307	-	522	522	-	-	-	-
Jul	156	127	-	66	276	-	625	624	-	-	1	1
Aug	185	36	-	31	309	-	561	561	-	-	-	-
Sep	191	88	-	3	298	-	580	580	-	-	-	-
Oct	80	155	1	-	309	-	545	387	158	-	-	-
Nov	146	96	1	-	314	-	557	50	507	-	-	-
Dec	-	-	-	-	-	-	-	-	-	-	-	-
Total Oct. 1941 to Nov. 30, 1944	2,998	3,897	151	313	5,738	3	13,100	11,674	665	279	482	482

NOTE: In addition to the above, the U.S. has aided in the movement through the Persian Corridor of petroleum products originating at British refineries in Abadan, reported to total 341,569 long tons.

In addition to the 185,000 tons shown as shipped to North Russia in August 1944, an undetermined amount of U.S. Army cargo lifted on the August ships will be turned over to Soviet authorities in North Russian ports.

6-2888

Regaded Unclassified

PROGRESS OF INDUSTRIAL PROJECTS FOR THE U.S.S.R. As of November 30, 1944

TIRE PLANT This \$10,000,000 project, placed in procurement in November 1942, was designed to produce a minimum of 1,000,000 military tires a year from U.S.S.R. supplies of synthetic rubber and natural rubber obtained from shrubs. To utilize American equipment which was idle at the time, the tire plant of the Ford Motor Company was purchased and its basic elements were supplemented with new equipment necessary to complete the production cycle for large size military tires. A power plant to supply the necessary steam and electrical power has been supplied at a cost of \$1,200,000. Five American engineers were sent to Moscow to aid in construction; four of the five are still there. Due to changed conditions and construction delays the plant is still in construction. Only test production is expected from various departments until the late fall of 1945.

PETROLEUM REFINERY PROJECT This project, approved in September 1942, was developed to replace Soviet refining facilities destroyed by the German Army. It consists of 6 basic plants designed to produce aviation gas, motor gas and lubricating oils. The entire project is valued at \$39,600,000 and has been completely exported. Nineteen U.S. engineers are in the U.S.S.R. aiding in construction. A report by the engineers at the end of December, 1944, showed one plant 49% complete, one 11%, a third 48% and a fourth 21% completed. Orders valued at \$18,000,000 were approved in April 1944 for additions to supplement the facilities already supplied. Engineering on these additions is 98% complete but no deliveries have yet been made from suppliers.

R. R. BLOCK SIGNAL SYSTEM This project, approved in January 1943, is to permit automatic signal operation of a portion of the U.S.S.R. railroad system. When installed it will increase the carrying capacity of existing rail facilities without increase of rolling stock. Equipment valued at \$10,900,000 will provide signal and signal operating equipment for 3,000 K.M. of track. Equipment valued at \$10,300,000 has left manufacturers, of which \$9,400,000 has been exported. (The Soviet engineers report that 400 kilometers are now in operation.) In addition 42 power units of 40 K.W. each, all valued at \$434,000, have been furnished to provide electricity required to operate the system. Export of the power units is nearly complete.

POWER PROGRAM Under the Second and subsequent Protocols various projects have been approved to provide electric power for areas in the U.S.S.R. devastated by the enemy and for Soviet war plants. A total of 1,436,599 K.W. has been approved as follows:

Complete Stationary Steam Plants	397,233 KW	Stationary Diesel Package Plants	155,113 KW
Package Plants, steam	219,206 KW	R.R. Power Trains, Diesel	103,000 KW
R. R. Power Trains, steam	267,500 KW	Other Mobile Diesel Units	72,945 KW
Stationary Diesel Plants	167,210 KW	Hydro-electric Equipment	54,392 KW

This program has an estimated value of \$186,000,000. Equipment valued at \$101,000,000 has already been shipped to the U.S.S.R. This type of equipment is shipped as rapidly as possible after being made ready by suppliers. Soviet engineers report that the first train assigned to the Donets Basin is fulfilling all expectations.

ROLLING MILLS An aluminum rolling mill to supply aluminum sheet for the U.S.S.R. aircraft industry was approved for procurement in December 1941. Of the total valued at \$6,377,000, equipment valued at \$6,340,000 has left suppliers and \$5,200,000 has been exported.

An 18" merchant mill valued at \$3,650,000 was placed in procurement in November 1942. Equipment valued at \$3,615,000 has been made ready for shipment and \$2,400,000 has been exported.

A pipe fabricating mill was approved in February 1943 at a cost of \$1,252,000. Equipment valued at \$1,102,000 was made ready for departure from the United States during the late summer of 1944, but was diverted to U.S. Army use to meet the needs of the invasion in France. Replacements are now in production.

A blooming mill, rail and structural mill and a railroad tie plate and splice bar mill, with a total cost of \$14,500,000, were placed in production in November 1943. These mills are 50% completed while small portions have been exported.

STEEL EXPANSION PROGRAM Since December 1942, auxiliary equipment for expansion of existing U.S.S.R. steel facilities has been approved for procurement. When installed in the U.S.S.R., it is expected to increase Soviet production of carbon steel ingots by 2,500,000 tons a year. The equipment is valued at over \$13,000,000, of which \$9,400,000 has been made available for shipment and \$7,700,000 has been exported.

OTHER PLANTS

	Date Approved	Cost	Made Available in U.S.	Exported
Wall Board Plant	11/17/42	\$ 662,000	\$ 599,000	\$ 599,000
Glass Bulb and Tubing Plant	3/17/43	1,443,000	541,000	0
Voltol Pilot Plant	4/22/43	73,000	73,000	73,000
Nitric Acid Plant	11/27/42	1,125,000	451,000	411,000
Hydrogen Gas Plant	5/29/42	532,000	532,000	532,000
Hydrogen and Catalyst Plants	11/9/42	2,627,000	2,627,000	0

SECRET

AIRCRAFT DELIVERIES TO U.S.S.R.

October 1, 1941 to November 30, 1944

Protocol requirements are filled upon delivery of aircraft from factories.

Departure points from North America are: U.S. ports for water shipments, Fairbanks for flight-deliveries via the Alaskan-Siberian Ferry Route, and Miami, Florida or adjacent fields for flight-deliveries via the South Atlantic. Planes shipped by water to North Russia are considered delivered upon arrival at Murmansk or Archangel. Planes shipped by water to the Persian Gulf are assembled at Abadan and with planes arriving there over the South Atlantic Ferry Route are delivered at Abadan to U.S.S.R. pilots. Alaskan-Siberian Ferry Route planes are delivered to Soviet pilots at Fairbanks.

With the exception of 59 P-40 fighters shipped from U.S. ports in September, 1941 and arrived in North Russia in November and December, 1941, this schedule includes all aircraft departed from the U.S. for direct delivery to the U.S.S.R. Aircraft shipped from the U.S. intended for use in the United Kingdom but retransferred from the United Kingdom to the U.S.S.R. are not included.

	Delivered at Factories	In North America November 30, 1944		Lost in North America		Departed North America	Lost After Departure	Diverted to Others	En Route S. A. to Destination 11/30/44	Arrived at Destination	Delivered to U.S.S.R. at Destination
		In U.S.	In Canada and Alaska	In U.S.	In Canada and Alaska						
BY ROUTES											
Alaskan-Siberian Ferry Route	6,166	254	254(139)*	63	49	5,546	0	0	0	5,546	5,546
South-Atlantic Route to Abadan	1,055	0	0	17	0	1,038	43	1	0	994	993
Water to North Russia	1,483	0	0	0	0	1,483	310	1	0	1,172	1,172
Water to Persian Gulf Assembly at Abadan	4,143	0	0	1	0	4,142	235	0	0	3,907	3,843
Total	12,847b	254	254(139)*	81	49	12,209	588	2	0	11,619	11,554
BY TYPE OF PLANE											
Pursuit Planes											
P-40 Alsib	50	0	0	0	2(1)*	48	0	0	0	48	48
P-40 North Russia, Water	1,149	0	0	0	0	1,149	248	1	0	900	900
P-40 Persian Gulf, Water	872	0	0	0	0	872	54	0	0	818	(3)** 1,090
P-40 Persian Gulf, Water U.K. Acct.	300	0	0	0	0	300	0	0	0	300	
P-39 Alsib	1,022	0	0	9	14(1)*	999	0	0	0	999	999
P-39 Alsib-U.K. Account	1,637	0	0	28	17	1,592	0	0	0	1,592	1,592
P-39 Alsib-Reimbursement Acct.	30	0	0	0	3	27	0	0	0	27	27
P-39 North Russia, Water	57	0	0	0	0	57	7	0	0	50	50
P-39 North Russia, Water U.K. Acct.	35	0	0	0	0	35	5	0	0	30	30
P-39 North Russia, Water Reim. Acct.	28	0	0	0	0	28	0	0	0	28	28
P-39 Persian Gulf, Water	1,101	0	0	0	0	1,101	38	0	0	1,063	(1)**
P-39 Persian Gulf, Water U.K. Acct.	893	0	0	0	0	893	53	0	0	840	(1)** 1,999
P-39 Persian Gulf, Water Reim. Acct.	121	0	0	0	0	121	0	0	0	121	(1)**
P-47 Alsib	3	0	0	0	0	3	0	0	0	3	3
P-47 North Russia, Water	3	0	0	0	0	3	0	0	0	3	3
P-47 Persian Gulf, Water	197	0	0	1	0	196	11	0	0	185	184
P-63 North Russia, Water	3	0	0	0	0	3	0	0	0	3	3
P-63 Alsib, U.K. Account	85	0	0	0	0	85	0	0	0	85	85
P-63 Alsib	986	238	187(33)*	2	2(1)*	557	0	0	0	557	557
Total Pursuit Planes	8,572	238	187(33)*	40	38(3)*	8,069	416	1	0	7,652	(6)** 7,598
Light Bombers											
A-20 Alsib	1,297	0	0	22	9	1,266	0	0	0	1,266	1,266
A-20 South Atlantic	927	0	0	17	0	910	39	1	0	870	869
A-20 North Russia, Water	165	0	0	0	0	165	39	0	0	126	126
A-20 Persian Gulf, Water	637	0	0	0	0	637	79	0	0	558	(7)** 550
Total Light Bombers	3,026	0	0	39	9	2,978	157	1	0	2,820	(7)** 2,811
Medium Bombers											
B-25 Alsib	619	4	59(52)*	0	2	554	0	0	0	554	554
B-25 South Atlantic	128	0	0	0	0	128	4	0	0	124	124
B-25 North Russia, Water	5	0	0	0	0	5	0	0	0	5	5
Total Medium Bombers	752	4	59(52)*	0	2	687	4	0	0	683	683
Heavy Bombers											
B-24 Alsib	7a	6	0	0	0	1	0	0	0	1	1
Cargo Planes											
C-47 Alsib	430	6	8(4)*	2	0	414	0	0	0	414	414
Observation Planes											
O-52 North Russia, Water	30	0	0	0	0	30	11	0	0	19	19
Advanced Trainers											
AT-6-C North Russia, Water	8	0	0	0	0	8	0	0	0	8	8
AT-6-C Persian Gulf, Water	22	0	0	0	0	22	0	0	0	22	(1)** 20
Total Advanced Trainers	30	0	0	0	0	30	0	0	0	30	(1)** 28
PNB Patrol Bombers	93c	-	-	0	0	93c	0	0	-	-	-

* At Fairbanks

** Water shipments received at Abadan washed out before delivery to U.S.S.R. pilots.

(a) One heavy bomber carrying a U.S. Mission became stranded in Siberia and was transferred to the Soviet Government.

(b) Does not include 93 P.B.N. Patrol Bombers which have departed Elizabeth City, N.C.

(c) Departed Elizabeth City, N.C.

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EXPORTS AND AVAILABILITY As of November 30, 1944

SECRET
Sheet 1

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Nov. 30, 1944			
	Total Offering a	Offering to 11/30/44	Made Available to 11/30/44 b	During Nov. 1944	7/1/44 to 11/30/44	Made Available b	Exported c	Lost Enroute	Diverted Enroute
I AIRCRAFT AND EQUIPMENT d									
Aircraft									
(For U.S. Protocol Account)									
I-1a Pursuit Planes	2,450	1,050	1,093	158	863	See Detailed Schedule			
1B Light Bombers	0	0	0	0	44				
1C Medium Bombers	300	125	232	79	163				
1D Heavy Bombers	0	6	6	0	0				
1E Transport Planes	240	100	110	29	92				
1F Flying Boats, FBM	30	13	57	0	57				
1G Observation Planes	0	0	0	0	0				
1H Advanced Trainers	0	0	0	0	0				
(For U.K. Protocol Account) (Under Reciprocal Agreement)									
I-1a Pursuit Planes	0	0	0	1	178				
I-6a Link Trainers	0	0	0	0	0	10	5	0	0
6B Aircraft Landing Mats (1000 sq. ft.)	16,000	13,334	11,684	0	9,402	14,978	12,695	0	0
II MILITARY SUPPLIES d									
Combat Vehicles									
II-1A1 Light Tanks	0	0	0	0	0	1,680	1,680	443	0
II-1A2 Medium Tanks	3,173	1,281	1,489	213	1,046	4,739	4,352	405	0
II-1B1 Self-Propelled Guns, A.T. 76 mm	0	0	0	0	0	5	5	0	0
II-1B2 Self-Propelled Guns, A.T. 57 mm	0	0	0	0	0	650	650	0	0
II-1B3 Self-Propelled Guns, A.T. 3"	0	0	0	0	0	52	52	0	0
II-1B4 Self-Propelled Guns, A.A. 37 mm	0	0	0	0	0	100	100	0	0
II-1B5 Self-Propelled Guns, A.A. 50 Cal.	0	0	0	0	0	1,000	1,000	0	0
II-1C Half Tracks	0	0	384	43	418	1,181	1,158	54	0
II-1D Armored Scout Cars	0	0	(-54)	22	447	3,514	3,282	228	0
II-1I Universal Carriers	0	0	0	0	0	0	0	0	0
Total	3,173	1,281	1,819	278	1,913	12,921	12,281	1,130	0
Ordnance Service Vehicles									
II-2A Field Repair Trucks	222	35	155	2	68	1,268	1,172	3	0
II-2B Tank Recovery Units	0	0	0	0	0	136	130	0	0
II-2C Tank Transporters	400	0	56	50	148	432	432	20	0
Total	622	35	211	52	216	1,836	1,734	23	0
Trucks									
II-3A1 Jeeps (1/2 ton 4x4)	9,300	7,750	2,800	764	2,075	47,194	42,737	3,657	1,378
II-3A2 Jeeps Amphibian	0	0	0	0	210	3,010	3,010	0	0
II-3B1 Trucks, 3/4 ton	16,000	4,000	4,002	1,115	4,655	21,868	20,295	78	598
II-3B2 Trucks, 1 1/2 ton	41,436	26,910	21,380	5,718	20,912	134,440	131,531	6,580	1,826
II-3B3 Trucks, 2 1/2 ton	73,560	28,025	25,092	4,122	22,593	138,561	131,361	4,236	704
II-3B4 Trucks, 2 1/2 ton, Amphibian	300	250	293	29	155	293	154	0	0
II-3C Trucks, 5 ton and over	1,040	0	140	0	100	194	154	0	0
II-3D Trucks, Special Purpose	1,700	350	490	78	546	1,141	1,084	0	0
II-3I Truck-Tractors with Trailers	1,275	363	279	96	375	1,245	1,245	6	0
II-3E (Engines for Trucks)	(0)	(0)	(0)	(0)	(66)	(3,500)	(3,498)	(0)	(0)
Total Trucks	144,611	67,648	54,476	11,922	51,621	347,946	331,572	14,557	4,506
Other Vehicles & Track-Laying Tractors									
II-4A1 Motorcycles	12,000	5,808	4,000	908	4,651	30,322	28,767	1,870	1,100
II-4B1 Tractors, Prime Mover Type	2,400	1,000	1,144	242	1,009	5,879	5,510	253	0
II-4B2 Track-Laying Tractors, Other	0	0	201	0	201	201	201	0	0
II-4B3 Engines for Tractors	2,000	375	70	0	0	70	0	0	0
Artillery and Ammunition									
II-5A1 A.A. Guns, 90 mm	240	200	44	4	44	268	268	8	0
II-5A2 A.A. Guns, 40 mm	0	0	99	16	200	5,680	5,595	196	0
II-5A3 A.A. Guns, 37 mm	0	0	0	0	0	424	424	16	0
II-5A4 A.A. Machine Guns, 50 Cal.	0	0	0	0	0	2,000	1,925	0	0
II-5A7 A.A. Guns, 4.7"	0	0	0	0	0	4	4	0	0
II-5B1 A.T. Guns, 37 mm	0	0	0	0	0	63	63	28	0
II-5B4 A.T. Guns, 57 mm	0	0	0	0	0	0	0	0	0
II-5C1 Submachine Guns, 45 Cal.	0	0	2,000	0	0	142,122	135,633	23,340	0
II-5D1 Pistols and Revolvers	0	0	0	0	0	13,000	13,000	1,500	0
II-5F Mortars	0	0	0	0	0	30	30	0	0
II-5G Smoke Pots (1000 units)	0	0	330	41	532	1,435	1,403	0	0
II-5H Ammunition (except for Naval Ammunition (1000 rds.))	Ammunition supplied with armsament in accordance with U.S. standards								
II-5J Rocket Launchers	0	0	0	0	0	3,000	3,000	0	0
II-5K Howitzer Guns, 240 mm	2	0	0	0	0	0	0	0	0
II-5L Guns, 8"	2	0	0	0	0	0	0	0	0

Notes: a Offerings shown will be reduced to conform with Soviet selections.
b Made available from production or by assignment after deduction of quantities repossessed or diverted before export. Includes purchases for cash.
c Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.
d In most instances spare parts are supplied in accordance with U.S. standards.
e Departures from Elizabeth City, N.C.
f Additional quantities of landing mats sufficient to meet the entire offering of 16,000,000 sq. ft. have been made available from supplies of the U.S. Army Air Forces in the Soviet Union.

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Nov. 30, 1944			
	Total Offering a	Offering to 11/30/44	Made Available to 11/30/44 b	During Nov. 1944	7/1/44 to 11/30/44	Made Available b	Exported c	Lost Enroute	Diverted Enroute
II MILITARY SUPPLIES (cont.) d									
Explosives (tons)									
II-6A1 Smokeless Powder	65,000	27,064	12,812	2,002	9,200	148,037	129,177	4,910	0
II-6A2 Stick Powder	0	0	92	0	602	2,211	2,211	0	0
II-6A3 Other Powder	0	0	35	0	0	39	39	0	0
II-6A4 Cordite Powder	0	0	0	0	0	919	636	0	0
II-6B T.B.T.	60,000	25,000	25,500	1,377	18,837	136,926	117,173	3,849	250
II-6C Dynamite, incl. Ammonite	11,608	4,837	14,795	2,585	17,643	39,417	36,260	0	0
II-6D Picric Acid	0	0	23	0	150	2,017	1,535	92	0
II-6E Colloxylin (Nitrocellulose in Alcohol)	0	0	0	0	1,206	8,156	6,666	1,401	86
II-6F (Detonators, Blasting Supplies, etc., \$1000)	(3,248)	(2,707)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
II-6G (Other Explosives & Components \$1000)	(0)	(0)	(**)	(**)	(**)	(**)	(**)	(**)	(**)
Total Explosives (tons)	136,608	56,921	53,257	5,964	47,638	337,722	293,697	10,252	336
Wireless Communication Equipment									
II-7A1 Radio Stations over 1 KW, Marine	453	42	**	**	**	**	**	**	**
II-7A2 Radio Stations over 1 KW, Other	12,100	5,542	6,610	1,027	4,655	**	31,951	846	32
II-7B1 Radio Stations 1 KW & Under, Marine	2,600	42	**	**	**	**	**	**	**
II-7B2 Radio Receivers, Marine	Under Study	669	0	494	**	**	4,120	19	0
II-7B3 Radio Receivers, Other	196	164	**	35	47	**	87	0	0
II-7C1 Radio Locators, Marine	Under Study	**	**	**	**	**	**	**	**
II-7C2 Radio Locators, Ground	200	163	257	207	541	**	605	0	0
II-7C3 Radio Locators, Aircraft	300	250	50	0	0	**	0	0	0
II-7D Radio Direction Finders	Under Study	0	0	0	21	**	35	0	0
II-7E Radio Altimeters	5,000	2,084	**	**	**	**	**	**	**
II-7F Radio Beacons	3,438	834	1,404	147	609	**	3,185	5	0
II-7G Radio Tubes (1000 units)	1,200	1,000	600	536	908	**	1,918	2	0
II-7H Radio Components, Parts & Accessories (\$1000)	1,200	1,000	600	**	**	**	**	**	**
II-7I Radio Measuring & Testing Equipment (\$1000)	1,200	1,000	600	**	**	**	**	**	**
II-7J Radio Compass	1,200	1,000	600	**	**	**	**	**	**
Construction Machinery (\$1000)									
II-8A Road & Airport Construction Equip.	2,925	371	1,773	89	600	2,400	1,206	108	0
II-8B Tractor Mounted Construction Equip.	1,605	224	76	0	92	517	510	0	0
II-8C Mixers & Pavers	1,994	219	46	52	314	716	637	0	0
II-8D R.R. Construction Equipment	0	0	0	0	0	635	635	0	0
Total (\$1000)	6,524	814	1,895	141	1,006	4,268	2,988	108	0
R.R. Transportation Equipment									
II-9A1 Steam Locomotives	1,585	900	654	113	706	1,255	1,045	6	0
II-9A3 Diesel-Electric Locomotives	100	42	17	2	2	17	2	0	0
II-9B1 Flat Cars	12,244	6,037	6,011	1,367	5,524	8,767	7,164	62	0
II-9B2 Dump Cars	1,130	525	630	0	950	1,000	1,000	0	0
II-9B3 Tank Cars	0	0	0	0	3	100	100	0	0
II-9B4 Heavy Machinery Cars	35	30	15	0	5	15	5	0	0
Total (units)	15,094	7,534	7,327	1,482	7,190	11,154	9,316	68	0
Medical Supplies (\$1000)									
II-10 Medical Supplies (Protocol Items Only)	17,500	7,292	4,188	**	**	**	**	**	**
Other Military Items									
II-11A Cableway Bridges	0	0	0	0	0	15	15	0	0
II-11C Portable Pipelines	0	0	0	0	0	2	2	0	0
II-11D Flashlights w/ Dry Cells	0	0	0	0	0	100,000	100,000	0	0
III NAVAL AND MARINE EQUIPMENT									
Ships, Except Combat									
III-1A Dry Cargo Vessels, Transferred	0	0	(-) 3 a	0	(-) 3	57 1/2	57	0	0
1B Tankers, Transferred	Under Study	0	0	0	0	12 1/2	12	0	0
1C Icebreakers, Transferred	0	0	0	0	0	1	1	0	0
1D Tugboats	35	7	7	3	7	7	7	0	0
1E Cable Ships	Under Study	0	0	0	0	0	0	0	0
1F Steam Schooners	0	0	0	0	0	1	1	0	0
1G Pneumatic Floats	120	50	0	0	0	3,000	3,000	552	0
1I Motor Launches	0	0	1	0	1	1	1	0	0
Combat Ships									
III-2A Submarine Chasers, 110'	23	-	23	0	23	46	46	0	0
2B Submarine Chasers, 65'	17	-	17	0	6	80	53	2	0
2C Torpedo Boats	130	-	53	14	62	141	123	3	7
2D Minesweepers	12	-	0	0	0	10	10	0	0
2E Escort Vessels	Under Study	0	0	0	0	0	0	0	0
2G Landing Craft	0	0	12	0	16	52	46	0	0
2F Tenders	Under Study	0	0	0	0	0	0	0	0

Notes: All tons are 2000 lbs. net weight.

** Data not available

a Offerings shown will be reduced to conform with Soviet selections.

b Made available from production or by assignment after deduction of quantities repossessed or diverted before export. Includes purchases for cash.

c Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.

d In most instances spare parts are supplied in accordance with U.S. standards.

e Represents number of vessels transferred to the Soviet flag less number returned to the U.S. Nine dry cargo vessels and seven tankers have been transferred and returned to the U.S. under exchange arrangements.

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Nov. 30, 1944			
	Total Offering a	Offering to 11/30/44	Made Available to 11/30/44 b	During Nov. 1944	7/1/44 to 11/30/44	Made Available b	Exported c	Lost Enroute	Diverted Enroute
III NAVAL AND MARINE EQUIPMENT (cont.)									
<u>Marine Propulsion Machinery, etc.</u>									
III-3A Marine Diesel Engines	3,529	-	58b	282	884	2,256	2,225	9	0
3B Marine Gasoline Engines	1,743	-	528	172	319	4,168	3,778	46	0
3C Wooden Gas Engines	200	-	0	0	0	0	0	0	0
3D Outboard Motors	850	0	0	0	400	1,300	1,300	0	0
3E Shafting and Ship Propellers (\$1000)	204	-	68	9	68	137	137	0	0
3F Steering Gears (\$1000)	784	-	0	0	0	43	43	0	0
3G Storage Batteries for Submarines	18	-	8	7	7	30	29	0	0
3I Parts and Equip. for Marine Propulsion Mach. (\$1000)	0	0	705	283	705	1,278	1,278	13	0
<u>Special Ship Equipment</u>									
III-4A Salvage Stations and Diving Gear (\$1000)	670	-	72	32	72	800	800	3	0
4B Jetting Apparatus (\$1000)	28	-	0	0	0	112	109	0	0
4D Submarine Rescue Chambers	0	0	0	0	0	1	1	0	0
4E Distilling Apparatus (\$1000)	1,200	-	0	0	0	36	36	0	0
4G Misc. Special Ship Equip. (\$1000)	0	0	6	0	6	9	9	0	0
2D1 Trawling Equip. for Minesweepers	9,000	-	1,075	91	1,075	1,197	1,197	0	0
1D1 Mech. and Elec. Equip. for Tugboats (\$1000)	206	-	402	0	402	534	534	0	0
1H Mech. & Elec. Equip. for Ferry- boats (\$1000)	2,540	-	1,132	210	1,132	1,132	1,132	0	0
<u>Naval Artillery and Ammunition</u>									
III-5A 3"/.50 Cal. D.D. Guns	0	0	0	0	0	523	523	6	0
5B 5"/.38 Cal. D.D. Guns	0	0	0	0	0	150	144	6	0
5C .50 Cal. Machine Guns	0	0	700	0	1,000	2,274	2,108	0	0
5F Oerlikon Guns	0	0	182	0	182	2,080	2,080	111	150
5G Spare Parts & Equip. for Naval Guns (\$1000)	0	0	999	386	999	999	999	0	0
5H Ammunition for Naval Armament				Furnished with Armament					
IV FOODSTUFFS (short tons) (2000 lbs., net weight)									
IV-1A Wheat	0	0	0	0	0	55,713	55,713	600	0
1B Wheat Flour	280,000	116,666	22,409	0	22,409	555,024	555,024	8,827	5,062
1C1 Other Grains	0	0	0	0	0	5,362	5,362	0	0
1C2 Other Flour	0	0	3,106	0	3,106	30,628	30,628	0	0
1C3 Other Basic Grain Mill Prods.	10,000	4,167	4,219	1,004	4,219	27,173	27,173	130	0
1C4 Other Finished Cereals & Prods.	25,000	10,417	10,060	3,224	10,060	96,329	96,329	1,065	528
1D Dried Peas and Beans	75,000	31,250	10,109	6,058	10,109	229,284	229,284	7,905	23,138
1E1 Seeds, Lent-Beans	34,000	14,167	7,565	1,064	7,565	24,188	24,188	18	0
1E2 Seeds, RWR	-	-	-	(0)	(110)	(2,166)	(2,166)	(0)	(0)
Sub-total	424,000	176,667	57,468	11,350	57,468	1,023,701	1,023,701	18,545	28,728
IV-2A Sugar, U.S.	200,000	83,333	42,074	7,540	42,074	458,991	458,991	16,481	12,364
2B Sugar from Other Sources	150,000	62,500	17,874	0	17,874	94,247	94,247	0	0
Sub-total	350,000	145,833	59,948	7,540	59,948	553,238	553,238	16,481	12,364
IV-3A Canned Dehydrated Meat	7,000	2,917	7,023	366	7,023	14,694	14,694	0	0
3B Canned Tushonks	351,000	146,250	34,313	3,537	34,313	184,963	184,963	2,110	0
3C Other Canned Meat			62,585	10,494	62,585	413,218	413,218	17,449	15,422
Sub-total	358,000	149,167	103,921	14,397	103,921	612,875	612,875	19,559	15,422
IV-4B1 Fat Cuts	100,000	53,330	36,775	6,788	36,775	246,848	246,848	3,198	4,142
4B2 Smoked Meats	10,000	4,167	1,240	0	1,240	17,645	17,645	499	302
4B3 Sausage and Meat Preparations	10,000	4,167	226	0	226	489	489	0	0
4C1 Butter			9,168	1,667	9,168	60,524	50,524	1,010	735
4C2 Butter Oil	40,000	16,667	7,615	100	7,615	8,576	8,576	0	0
4C3 Carter's Spread			13,031	2,326	13,031	22,045	22,045	109	0
4A Lard	170,000	70,834	73,403	20,083	73,403	245,937	245,937	7,098	16,846
4D Other Animal Fats and Oils			733	52	733	24,232	24,232	637	539
Sub-total	330,000	149,165	142,191	31,016	142,191	626,296	626,296	12,551	22,564
IV-5A1 Vegetable Oil in Bulk	181,000	75,417	106,969	19,077	106,969	384,326	384,326	672	0
5A2 Vegetable Oil in Drums	0	0	1,299	378	1,299	14,362	14,362	37	0
5B Shortening	22,000	9,167	3,971	144	3,971	29,494	29,494	286	2,140
5C Oil-omargarine	22,000	9,167	5,260	1,564	5,260	46,073	46,073	537	0
Sub-total	225,000	93,751	117,499	21,163	117,499	474,255	474,255	1,532	2,140

Notes: a Offerings shown will be reduced to conform with Soviet selections.
b Made available from production or by assignment after deduction of quantities repossessed or diverted before export. Includes purchases for cash.
c Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.
d Foodstuffs considered made available as shipped.

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Nov. 30, 1944			
	Total Offering a	Offering to 11/30/44	Made Available to 11/30/44 b	During Nov. 1944	7/1/44 to 11/30/44	Made Available b	Exported c	Lost Enroute	Diverted Enroute
IV FOODSTUFFS (short tons) (2000 lbs., net weight)									
IV-6A Canned Milk	15,000	6,250	7,424	3,089	7,424	19,830	19,830	282	0
6B Dried Milk	35,000	14,584	7,490	1,377	7,490	57,477	57,477	896	4,394
6C Dried Eggs	60,000	25,000	17,330	6,256	17,330	87,169	87,169	4,773	5,296
6D Cheese	17,000	7,084	5,932	2,042	5,932	25,438	25,438	295	0
6E1 Soya Flour	60,000	25,000	1,253	350	1,253	40,263	40,263	1,442	0
6E2 Soya Grits	0	0	480	0	480	18,588	18,588	0	0
6F Fruit and Veg. Pastes and Purees	6,000	2,500	2,525	1,678	2,525	6,184	6,184	0	0
6G Concentrated Juices	2,000	833	22	11	22	1,745	1,745	0	0
6H Dried Fruits	0	0	291	0	291	1,340	1,340	0	0
6I Dried and Dehy. Vegetables	5,263	2,193	1,534	813	1,534	5,867	5,867	0	0
6J Dried Soups	4,300	1,791	137	103	137	7,165	7,165	105	0
6K Concentrated Cereals	4,437	1,648	1,032	321	1,032	8,723	8,723	95	0
Sub-total	209,000	87,083	45,450	16,040	45,450	279,789	279,789	7,888	9,690
IV-7A Soup	0	0	1,638	0	1,638	7,910	7,910	111	0
7B Soap Stock	0	0	0	0	0	322	322	0	322
Sub-total	0	0	1,638	0	1,638	8,232	8,232	111	322
IV-8A Canned Fruits	0	0	13	0	13	362	362	0	0
8B Canned Vegetables	0	0	247	0	247	1,667	1,667	0	0
8C Fresh Fruit	0	0	122	2	122	186	186	0	0
8D Fresh Vegetables	0	0	517	0	517	1,763	1,763	0	0
8E Vitamins	609	254	368	58	368	914	914	5	36
8F Yeast	600	250	191	0	191	1,029	1,029	0	112
8G Tea	0	0	207	0	207	1,083	1,083	0	0
8H Coffee	0	0	416	0	416	7,241	7,241	0	560
8I Salt	0	0	54	0	54	2,130	2,130	0	0
8J Spices	0	0	26	0	26	1,251	1,251	0	0
8K Flavoring Extracts	0	0	12	0	12	211	211	2	0
8L1 Hazel Nuts from Turkey	0	0	0	0	0	3,638	3,638	0	0
8L2 Other Nuts	0	0	0	0	0	58	58	0	0
8M Other Foodstuffs	0	0	199	0	199	2,603	2,603	1	0
8N Feed	0	0	2,365	0	2,365	9,967	9,967	0	0
8O Misc. Agric. Products	0	0	6	0	6	9	9	0	0
Sub-total	1,209	504	4,743	60	4,743	34,162	34,162	8	708
Total Foodstuffs	1,897,209	802,170	532,858	101,566	532,858	3,612,548	3,612,548	76,675	91,938
V MACHINERY AND EQUIPMENT (\$1000)									
V-1 Engines & Turbines, General Purpose	4,368	1,820	1,280	418	1,616	9,625	8,708	883	0
V-2A Compressors, Marine	0	0	0	0	243	373	370	0	0
V-2B Compressors, Other	5,634	1,982	3,643	133	3,651	11,959	11,571	340	0
V-3A Pumps, Marine	1,168	487	927	238	915	2,057	1,554	0	0
V-3B Pumps, Other	7,778	3,241	1,580	952	2,464	8,640	8,626	204	0
V-4 Crushing & Mixing Machinery & Equipment	10,575d	4,267	487	-	1,349	6,663	6,505	83	0
V-5 Conveyors & Conveying Systems	1,114	465	100	33	758	1,415	1,390	0	0
V-6A Winches, Marine	97	41	62	53	126	378	355	-	0
V-6B Cranes, Derricks, Hoists, Other	16,973	7,073	9,340	1,439	8,660	23,148	18,532	58	0
V-7 Industrial Trucks & Tractors	4,834	1,941	1,800	505	1,679	5,900*	5,712	108	0
V-8A Fan and Blower Equip., Marine	66	28	67	0	0	580	513	0	0
V-8B Fan and Blower Equip., Other	4,234	1,765	899	242	1,110	1,739	1,619	0	0
V-9 Mech. Power Transmission Equip.	0	0	18	0	0	70	55	0	0
V-10 Bearings	15,337	6,391	5,231	994	7,155	20,882	20,644	233	0
V-11 Valves & Steam Specialties	4,195	1,749	972	346	2,176	6,179	5,778	58	0
V-12 Misc. General Purpose Industrial Machinery and Equipment	720	300	434	-	1,475	4,136	4,099	4	0
V-13A1 Elec. Rotating Equip., Marine	1,772	739	389	66	389	1,428	1,428	0	0
V-13A2 Elec. Rotating Equip., Other	9,128	3,804	5,416	682	2,160	16,481	13,155	349	3
V-13B1 Generator Sets, Military	2,080	278	800*	9	686	24,300*	24,100	623	0
V-13B2 Generator Sets, Marine	5,404	2,252	2,151	355	2,151	7,022	7,022	0	0
V-13B3 Generator Sets, Other	74,035	30,849	45,481	14,614	60,598	102,855	101,271	74	0
V-14 Primary Electric Power Transmission Equipment	4,771*	1,989	1,884	428	1,289	4,841	3,770	6	0
V-15 Power Conversion Equipment	1,073	448	3,765	85	5,122	6,220	6,161	270	0
V-16A Secondary Distribution Equip., Marine	See V-14	3	3	3	3	69	69	0	0
V-16B Secondary Distribution Equip., Other	See V-14	230	146	253	1,245	1,209	7	0	0
V-17 Motor Starters and Controllers	1,957	816	94	0	12	757	663	33	23
V-18 Electric Lamps	0	0	0	0	-	103	87	-	0
V-19 Misc. Electrical Equip.	321	134	625*	155	637	2,650*	2,360	3	0
V-20 Food Products Machinery	224	94	148	18	340	808	625	4	0
V-21 Textile Industries Machinery	13	6	35	0	66	1,030	1,023	109	0
V-22 Pulp & Paper Industry Machinery	6	3	5	0	6	370	361	5	0

Notes: a Offerings shown will be reduced to conform with Soviet selections.

b Made available from production or by assignment after deduction of quantities repossessed or diverted before export. Includes purchases for cash.

c Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.

d Foodstuffs considered made available as shipped.

e The offering for V-4 includes offering under category V-49, Mining and Quarrying Machinery.

f Includes offering for category V-16B, Secondary Distribution Equipment, Other.

* Estimated

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Nov. 30, 1944			
	Total Offering a	Offering to 11/30/44	Made Available to 11/30/44 b	During Nov. 1944	7/1/44 to 11/30/44	Made Available	Exported c	Lost Enroute	Diverted Enroute
V. MACHINERY AND EQUIPMENT (\$1000) (cont.)									
V-23 Printing Trades Machinery & Equip.	7	4	7	0	7	51	51	0	0
V-24A Tire Plant	0	0	852	147	852	8,109	8,109	5	0
V-24B Rubber Working Machinery	0	0	86	0	28	86	28	0	0
V-25 Woodworking Machinery	309	129	103	13	388	786	786	12	0
V-26 Metal Melting & Heating Furnaces	5,140	2,142	5,500*	1,350	7,441	21,300*	21,266	625	0
V-27 Blast & Reverberatory Furnaces	4,743	1,977	2,471	816	2,962	4,137	3,629	0	0
V-28 Foundry Equipment	1,544	644	414	68	445	1,390	1,152	15	0
V-29 Spec. Ind. Furnaces, Kilns & Ovens	2,027	845	1,309	216	1,145	1,403	1,150	0	0
V-30A Petroleum Refinery Plants	29,000	12,084	2,020	80	343	50,763	43,819	263	0
V-30B Petroleum Refinery Machinery	25	11	32	0	36	229	146	0	0
V-31 Spec. Machinery for Glass Industry	1,357	566	466	0	0	715	198	0	0
V-32 Spec. Machinery for Chem. Mfg. Ind.	1,011	422	113	-	207	868	848	0	0
V-33 Gas Generating, Producing Apparatus	6,548	2,729	3,387	115	5,995	12,191	9,691	0	0
V-34A Misc. Spec. Ind. Machines	997	416	5,732	52	2,097	10,817	5,221	5	0
V-34B Cartridge Manufacturing Lines	0	0	990	31	3,050	30,408	29,561	110	0
V-35 Machine Tools	30,000	12,500	15,000*	3,455	14,508	290,000*	280,595	8,411	0
V-36 Rolling Mills and Auxiliary Equip.	12,172	5,072	1,681	1,535	6,651	14,372	12,019	0	1
V-37 Drawing Machines	950	396	1,128	303	1,400	2,245	1,603	0	0
V-38 Other Primary Metal Forming Machinery and Equipment	0	0	0	0	0	304	304	0	0
V-39 Secondary Metal Forming Machinery and Equipment	15,500	6,459	7,000*	1,589	19,969	63,000*	58,654	988	27
V-40A Welding Machinery, Marine	0	0	993	81	983	5,877	5,648	57	0
V-40B Welding Machinery, Other	4,583	1,910	0	0	0	0	0	0	0
V-41 Testing & Measuring Machines (Metal Working)	1,835	765	697	240	1,051	2,372	2,262	25	0
V-42 Misc. Metal Working Equip.	0	0	0	0	0	109	109	8	0
V-43A Portable Metal Working Machines (Underwater)	143	60	384	0	384	2,727	2,727	4	0
V-43B Portable Metal Working Machines, Other	477	199	0	0	0	0	0	0	0
V-44A Cemented Carbide Cutting Tools	1,350	563	1,477	215	1,690	4,943	4,547	11	0
V-44B Metal Cutting Tools, Other	10,962	4,568	4,460	520	4,824	30,938	29,566	55	0
V-45 Cutting and Forming Tools for Machines	13	6	0	0	13	13	13	0	0
V-46 Attach. & Access. for Machine Tools	2,348	979	707	89	1,004	3,020	2,849	47	0
V-47 Tool Room Spec. - Attach. and Access.	4	2	23	0	-	26	-	0	0
V-48 Agric. Mach. & Implements except Tractors	190	80	83	6	225	649	634	0	0
V-49 Mining & Quarrying Machinery	See V-4	0	320	63	374	1,063	870	0	0
V-50 Earth & Rock Boring & Drilling Machinery and Accessories	2,013	839	1,643	263	2,776	8,014	7,931	145	0
V-51 Well & Blast Hole Drilling Machinery	2,180	909	272	47	1,001	6,653	6,272	0	0
V-52 Excavating & Dredging Machinery	14,690	5,646	6,598	1,155	7,349	26,256	24,660	362	1,005
V-53 Misc. Construction Equipment	0	0	4	0	22	1,015	795	0	0
V-54 Office Machines	0	0	7	3	3	57	57	0	0
V-55 Misc. Machinery	255	107	175	138	340	1,307	1,082	2	0
V-58B Teletype Apparatus	2,196	267	1,086	125	946	2,325	1,902	6	0
V-58C1 Field Telephones	5,000	1,250	1,972	168	358	17,511	15,431	1,754	26
V-58C2 Field Telephones (units)	(100,000)	(25,000)	(44,537)	(3,000)	(8,013)	(382,379)	(333,550)	(99,248)	(0)
V-58C3 Other Telephone & Telegraph Equip.	10,321	3,989	1,181	733	2,273	10,771	10,414	48	0
V-58D Sound Equipment	43	19	37	0	13	525	499	-	0
V-58E Automatic Block Signal Equipment	2,809	1,171	4,352	884	7,350	10,382	9,429	0	0
V-59A Industrial Type Locomotives, Cars & Parts	3,293	1,655	130	23	248	1,466	1,321	26	0
V-59B Mine Type Locomotives, Rail Cars & Parts	885	369	21	0	66	139	139	0	0
V-60 Passenger Vehicles and Parts	190	133	321	27	91	518	263	3	0
V-61 Airconditioning & Refrigeration Equip.	1,005	514	230	61	94	272	136	0	0
V-62A Lighting Fixtures, Marine	644	269	390	23	390	799	799	0	0
V-62B Lighting Fixtures, Other	94	40	133	0	133	385	385	33	0
V-63 Photographic Equipment	36	15	54	0	47	1,860	1,593	75	0
V-64A Optical, Indicating, Recording and Control Instruments	2,035	849	921	350	1,379	4,689	4,362	52	0
V-64B Navigation Instruments	6	3	173	114	173	221	221	0	0
V-65 Professional & Scientific Instruments	928	387	152	25	180	1,143	1,054	38	0
V-66 Misc. Equipment	0	0	9	2	21	480	402	34	0
V-67 Hand Tools - Non-powered	867	362	291	71	273	2,570	2,336	17	0
V-68 Mechanics Measuring Tools	3,032	1,264	1,005	198	1,005	2,910	2,910	1	0
V-69A1 Boilers, Marine	81	34	42	0	42	60	60	0	0
V-69B Power Boilers, Industrial	7,000	2,917	4,844	-	4,441	14,134	9,686	0	0
V-70 Agric. Tractors, except Track-laying	0	0	292	56	73	295	73	0	0
Total Machinery and Equipment	370,714d	151,498	171,646	37,364	236,248	954,624	891,977	16,691	1,085

Notes: * Estimated
a Offerings shown will be reduced to conform with Soviet selections.
b Made available from production or by assignment after deduction of quantities repossessed or diverted before export. Includes purchases for cash.
c Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.
d Total guaranteed for delivery on or before June 30, 1945. An additional amount of \$279,931,000 may be placed in production before June 30, 1945 without guarantee of delivery within a specified period. In addition, equipment valued at \$462,807,000 may be placed in production upon execution of an agreement supplementary to the U.S.S.R. Master Lend-Lease Agreement.

8-4099

Regraded Unclassified

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Nov. 30, 1944			
	Total Offering a	Offering to 11/30/44	Made Available to 11/30/44 b	During Nov. 1944	7/1/44 to 11/30/44	Made Available b	Exported c	Lost Enroute	Diverted Enroute
VI MATERIALS AND PRODUCTS									
Steel (tons)									
VI-1-10 Bimetal	24,000	10,000	9,743	849	7,856	40,704	37,424	1,060	0
VI-1-14 Armor Plate	0	0	0	0	0	8,951	8,951	2,897	267
VI-1-16 Polished Drill Rods	480	202	143	54	131	634	588	2	0
VI-1-17 High Speed Tool Steel	6,700	2,792	2,035	177	1,626	11,782	10,786	554	22
VI-1-18 Tool Steel	18,280	7,618	7,497	1,231	6,901	36,671	34,216	1,290	48
VI-1-19 Cold Finished Bars	53,000	22,084	13,986d	3,417	19,047	145,582d	138,505	7,407	671
VI-1-20 H.R. Aircraft Steel	70,000	29,167	25,596d	3,898	24,159	197,228d	189,327	2,983	0
VI-1-21 Cr. St. Wn. Billets	15,000	6,250	10,308d	2,976	17,976	106,505d	101,760	9,705	509
VI-1-22 Cold Rolled Sheets	17,000	7,084	7,445d	1,654	5,371	94,078d	88,625	29,652	1,709
VI-1-22A Cold Rolled Strip	9,000	3,750	2,608d	963	4,677	78,517d	77,616	11,796	798
VI-1-23 Stainless Steel	4,000	1,667	9,404	609	3,327	11,733	10,737	98	0
VI-1-24 Tinplate	50,000	20,834	17,885	3,439	18,502	143,475	129,395	11,274	2,871
VI-1-25 Steel Wire	33,600	14,006	13,443d	3,187	15,687	103,040d	102,819	6,109	673
VI-1-26 Wire Rope	10,000	4,167	2,141d	442	4,403	32,049d	30,885	818	0
VI-1-27 Steel Alloy Tubes	20,010	8,339	7,706	3,196	18,282	99,180	53,035	336	53
VI-1-28 Stainless Steel Wire	2,000	834	579	26	606	3,446	3,250	94	13
VI-1-31 Barbed Wire and Staples	0	0	(-)792d	106	2,192	52,037d	50,523	10,758	203
VI-1-32 Pipe and Tubing	75,352	31,399	10,571d	7,261	40,124	176,537d	155,832	16,301	1,654
VI-1-33 H.R. Sheets and Plates	125,000	52,086	87,016d	16,093	100,471	326,611d	300,609	19,372	2,357
VI-1-34 Wire Nails and Tanks	6,000	2,500	3,050	347	4,351	12,760	11,448	43	0
VI-1-101 H.R. Nails & Accessories	300,000	125,000	147,411	30,497	122,098	518,322	478,031	24,354	1,421
VI-1-102 Mounted Sets, Wheels & Axles	0	0	0	0	202	24,707	24,350	90	0
VI-1-103 Car Axles	0	0	0	0	0	36,506	35,554	1,367	0
VI-1-104 Locomotive Car Wheel Tires	20,000	8,334	6,692	1,744	5,666	29,601	27,434	53	0
VI-1-105 Rolled Steel Car Wheels	0	0	3,307	0	5,152	22,571	22,020	98	0
VI-1-107 Locomotive Axles	0	0	0	0	0	253	252	0	0
VI-1-108 Electric Locomotive Axles	0	0	0	0	0	300	222	0	0
Total Steel	859,422	358,113	387,774	82,166	429,007	2,273,780	2,124,194	158,511	13,269

Note: d The following quantities released from U.S.S.R. export stocks for redistribution have been deducted from amounts made available.

	July 1944 to November 1944	October 1941 to November 1944	July 1944 to November 1944	October 1941 to November 1944
Cold Finished Bars	(-)167	893	85	515
H.R. Aircraft Steel	0	482	626	17,754
Cr. St. Wn. Billets	(-)369	17,733	777	60,985
Cold Rolled Sheets	33	3,375	0	17,396
Cold Rolled Strip	(-)1,156	27,258		
Steel Wire	(-)2,915	29,445		
Total Released (tons)	(-)2,986	175,836		
Ferro Alloys (tons)				
VI-2A Ferro-Silicon	0	0	0	168
VI-2B Ferro-Chromium	0	0	0	57
VI-2C Ferro-Phosphorus	0	0	0	4
VI-2D Ferro-Vanadium	200	84	333	0
VI-2E Ferro-Tungsten	560	234	682	182
VI-2F Ferro-Molybdenum	1,200	500	1,086	150
VI-2G Manganese Metal	0	0	0	1,134
VI-2H Other Ferro Alloys	0	0	100	0
Total Ferro Alloys	1,960	818	2,201	332
Non-Ferrous Metals (tons)				
VI-3A1 Copper Electrolytic	0	0	4,864	0
VI-3A2 Copper Tubes, etc.	5,000	2,084	2,749	832
VI-3A3 Copper Base Alloys	80,000	33,334	42,116	7,119
VI-3A4 Bare Copper Cable and Wire	19,000	7,917	7,532	3,255
VI-3B1 Aluminum Ingots and Wire Bars	87,200	36,334	70,990	13,729
VI-3B2 Fabricated Aluminum			18,947	762
VI-3B3 Aluminum Foil			8	18,947
VI-3C Magnesium	4,000	1,667	3,360	0
VI-3D1 Pig Nickel	5,480	2,284	3,799	1,870
VI-3D2 Monel Scrap	0	0	0	3,439
VI-3D3 Nichrome Wire and Strip	0	0	206	760
VI-3D4 Other Nichrome Basic Shapes	538	225	160	3,454
VI-3D5 Nickel Foil	0	0	0	0
VI-3D6 Other Pure Nickel Shapes	28	12	28	0
VI-3E1 Tin	1	0	1	0
VI-3E2 Tin Foil	0	0	0	0
VI-3E3 Babbitt	0	0	45	0
VI-3F Zinc	0	0	9,312	0
VI-3G Lead	20,000	8,334	17,993	2,854
VI-3H1 Cadmium	224	94	90	9,499
VI-3H2 Cerium	0	0	0	16,612
VI-3H3 Cobalt	90	38	90	89
VI-3H4 Mercury	0	0	0	0
VI-3H5 Sodium	0	0	0	0
VI-3H6 Misc. Non-Ferrous Metals	0	0	87	0
Total Non-Ferrous Metals	221,561	92,323	182,317	37,919

Notes: All tons are 2000 lbs. net weight.

a Offerings shown will be reduced to conform with Soviet selections.

b Made available from production or by assignment after deduction of quantities repossessed or diverted before export. Includes purchases for cash.

c Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.

d See note following Steel Total.

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Nov. 30, 1944			
	Total Offering a	Offering to 11/30/44	Made Available to 11/30/44 b	During Nov. 1944	7/1/44 to 11/30/44	Made Available b	Exported c	Lost Enroute	Diverted Enroute
VI MATERIALS AND PRODUCTS (cont.)									
Other Metals and Products									
VI-4A Molybdenum Concentrates (tons)	4,480	1,867	2,877	231	2,877	15,190	15,190	1,430	0
VI-4B Misc. Metallic Ores, Tailings and Concentrates (tons)	0	0	0	0	0	3	3	0	0
VI-5 Pig Iron (tons)	0	0	0	0	3,726	8,188	7,990	0	0
VI-6A1 Marine Cable (miles)	See VI-6A4	431	30	30	470	2,113	1,831	129	0
VI-6A2 Submarine Cable (miles)	See VI-6A4	124	0	0	124	963	957	50	0
VI-6A3 Field Telephone Cable (miles)	186,000	-	99,934	16,310	75,274	ee	1,009,290	129,120	197
VI-6A4 Other Insulated Wire and Cable (\$1000)	12,000d	5,000	8,266	1,303	38,810	53,387	48,561	816	0
VI-6A5 Copper Magnet Wire (\$1000)	See VI-60	0	0	0	0	123	123	0	0
VI-6B1 Wire Cloth and Screen (\$1000)	385	161	290	41	603	2,023	2,023	7	0
VI-6B2 Wire Netting and Fencing (tons)	450	188	181	24	181	459	459	0	0
VI-6C Fab.Structural Iron and Steel (tons)	1,237	516	1,208	1,006	2,310	4,198	4,046	0	0
VI-6D Chains and Attachments (tons)	4,280	1,784	ee	297	2,328	ee	4,138	0	0
VI-6E Bolts, Nuts, Screws, Washers, Rivets, etc. (tons)	8,000	3,334	1,342	434	2,074	6,571	4,601	0	0
VI-6F Other Fabricated Metal Basic Products (\$1000)	27	12	28	0	28	170	167	0	0
VI-6G Special Fine Wires, Strips, etc.(tons)	386e	161	76	27	51	471	411	4	0
VI-6H Sucker Rods (tons)	4,000	1,667	283	27	283	1,355	1,355	0	0
VI-7A Anchors (tons)	1,002	835	359	74	359	732	732	0	0
VI-7B Other Metal End Products (\$1000)	136	57	51	24	173	1,459	943	6	0
Petroleum Products & Additives (tons)									
VI-9A Aviation Gas over 99 Octane	100,000	41,667	183,454	20,881	183,454	335,682	335,682	0	20,789
VI-9B Aviation Gas over 87 through 99 Octane	See VI-9K	0	0	0	0	81,695	81,695	2,069	9,310
VI-9C Aviation Gas 87 Octane & Under	See VI-9K	0	0	0	0	1,976	1,976	0	0
VI-9D Automotive Gas	See VI-9K	22,711	193	22,711	105,762	105,762	105,762	0	11,682
VI-9E Gasoline Blending Agents	300,000	125,000	141,578	44,618	141,578	561,211	561,211	17,236	12,373
VI-9F Kerosene	See VI-9K	1,813	0	1,813	9,759	9,759	9,759	0	0
VI-9G Fuel Oils	See VI-9K	23,360	1,714	23,360	99,408	99,408	99,408	0	0
VI-9H Lubricating Oils & Greases	25,000	10,417	22,823	57	22,823	57,454	57,454	1,678	0
VI-9I Petroleum Waxes	See VI-9K	765	430	765	6,399	6,399	6,399	204	199
VI-9J Chemical Additives	1,000	417	779	14	779	5,132	5,132	0	81
VI-9K Other	74,000f	30,834	108	106	108	189	189	-	0
Sub-total	500,000	208,335	397,391	68,013	397,391	1,264,667	1,264,667	21,187	54,434
From U.K. for U.S. Account (Replacement to U.K. from U.S.)									
Aviation Gas over 99 Octane	-	-	7,648	7,648	7,648	53,285	53,285	0	0
Aviation Gas 87 through 99 Octane	-	-	0	0	0	14,719	14,719	0	0
Total	500,000	208,335	405,039	75,661	405,039	1,332,671	1,332,671	21,187	54,434
From Abadan for U.S. Account (Replacement to British from U.S.)									
Aviation Gas over 99 Octane	300,000	125,000	162,128	37,844	162,128	320,462	320,462	-	-
Gasoline Blending Agents			34,497	5,186	34,497	62,095	62,095		
Chemicals									
Basic Inorganic (tons)									
VI-10A1 Ammonium Chloride	0	0	(-)-2,244	0	0	748	726	0	0
VI-10A2 Ammonium Nitrate	0	0	0	0	0	3,394	3,394	113	0
VI-10A3 Ammonium Sulphocyanide	0	0	0	0	0	3	3	0	0
VI-10A4 Barium Peroxide	0	0	0	0	0	131	131	0	0
VI-10A5 Boric Acid	0	0	0	0	140	1,243	1,243	168	0
VI-10A6 Calcium Carbide	124	52	124	0	129	776	609	0	0
VI-10A7 Calcium Chloride	45	19	45	0	40	857	855	0	0
VI-10A8 Caustic Soda	30,000	12,500	14,949	2,913	15,364	64,667	78,386	706	0

Notes: All tons are 2000 lbs. net weight.

**Data not available.

a Offerings shown will be reduced to conform with Soviet selections.

b Made available from production or by assignment after deduction of quantities repossessed or diverted before export. Includes purchases for cash.

c Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.

d Includes offering for VI-6A1 and A2. Quantity shown represents copper content.

e Includes offering under VI-6A5.

f Includes offering under categories VI-9B, C, D, F, G and I.

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Nov. 30, 1944			
	Total Offering a	Offering to 11/30/44	Made Available to 11/30/44 b	During Nov. 1944	7/1/44 to 11/30/44	Made Available b	Exported c	Lost Enroute	Diverted Enroute
VI MATERIALS AND PRODUCTS (cont.)									
Chemicals									
Basic Inorganic (cont.) (tons)									
VI-10A9 Phosphorus	175	74	(-)161	0	0	2,689	2,555	485	0
VI-10A10 Potassium Carbonate	56	24	56	0	56	784	784	0	0
VI-10A11 Potassium Chlorate	0	0	0	0	0	1,344	901	0	0
VI-10A12 Potassium Dichromate	1,900	625	171	0	70	1,043	908	0	0
VI-10A13 Potassium Nitrate	0	0	(-)371	0	12	2,190	2,190	0	0
VI-10A14 Potassium Sulphate	0	0	0	0	0	580	580	0	45
VI-10A15 Potassium Tetraoxide	350	146	110	9	122	560	542	11	0
VI-10A16 Soda Ash	0	0	0	46	326	2,191	2,190	0	0
VI-10A17 Sodium Cyanide	900	375	360	75	367	888	727	0	0
VI-10A18 Sodium Bromide	0	0	(-)326	0	0	1,812	1,812	334	43
VI-10A19 Thorium Nitrate	0	0	0	0	0	12	12	6	0
VI-10A20 Sodium Dichromate	See	VI-10A-12	117	0	156	1,254	1,219	54	0
VI-10A99 Misc. Inorganic Chemicals	607	254	689	0	712	1,890	1,766	17	0
Basic Organic (tons)									
VI-10B1 Acetone	6,000	2,500	2,380	651	3,678	9,577	9,455	671	0
VI-10B2 Aniline Oil	0	0	0	0	0	3,521	3,521	927	16
VI-10B3 Anthracene	0	0	0	0	0	9	9	0	0
VI-10B4 Butyl Acetate	4,000	1,667	1,200	658	1,652	3,524	3,480	97	0
VI-10B5 Butyl Alcohol	6,000	2,500	2,238	712	2,202	5,361	4,831	103	0
VI-10B6 Camphor	800	334	512	120	317	842	647	0	0
VI-10B7 Casein	1,700	709	1,034	135	1,320	3,278	3,268	0	0
VI-10B8 Citric Acid	0	0	6	0	6	1,100	1,100	56	0
VI-10B9 Cresols	0	0	62	130	441	422	422	61	0
VI-10B10 Dibutyl Phthalate	1,500	625	453	102	389	6,159	5,257	899	70
VI-10B11 Diethylene Glycol	0	0	990	400	485	1,542	1,011	0	0
VI-10B12 Dimethyl Aniline	0	0	0	0	0	2,510	2,301	420	0
VI-10B13 Diphenylamine	0	0	0	0	0	2,080	1,489	256	0
VI-10B14 Diphenylguanidine	64	27	62	0	79	442	416	0	0
VI-10B15 Ethyl Acetate	5,000	2,084	2,123	920	1,696	3,439	3,012	0	0
VI-10B16 Ethyl Alcohol from U.S.	180,000	75,000	91,652	11,279	91,652	253,176	253,176	199	0
Ethyl Alcohol from U.K. for U.S. Account. (Replacement to U.K. from U.S.)			0	0	0	20,187	20,187	0	0
Ethylene Chlorohydrine			0	0	0	232	232	0	0
VI-10B17 Ethylene Chlorohydrine	0	0	0	0	0	2,065	2,042	0	0
VI-10B18 Ethylene Dibromide	0	0	0	0	0	12,741	12,620	189	0
VI-10B19 Ethylene Glycol	4,000	1,667	3,997	851	3,955	560	494	62	0
VI-10B20 Formaldehyde	0	0	0	0	0	649	649	0	0
VI-10B21 Furfural	820	342	349	183	349	14,515	13,418	301	0
VI-10B22 Glycerine from U.S.	4,400	1,834	2,669	759	2,738	5,478	5,478	0	0
Glycerine, Lend-Lease			0	0	0	14,312	12,933	357	195
Retransferred from U.K.			0	0	0	22,980	22,660	3,242	371
VI-10B23 Hexamine (Urotropine)	3,000	1,250	360	113	688	601	601	0	0
VI-10B24 Methanol	12,000	5,000	4,054	1,100	4,109	33,483	32,253	1,732	170
VI-10B25 Naphthene Acid	0	0	0	0	0	1,874	1,872	56	0
VI-10B26 Phenol	12,000	5,000	3,549	2,065	7,198	120	111	0	0
VI-10B27 Potassium Butyl Xanthogenate	1,350	563	345	75	615	6	6	0	0
VI-10B28 Resorcin	0	0	0	0	0	546	546	18	0
VI-10B29 Rhodamine	0	0	0	0	0	96	88	4	0
VI-10B30 Saccharin	372	155	168	34	183	0	0	0	0
VI-10B31 Strontium Oxalate	0	0	0	0	0	94,313	94,313	3,192	359
VI-10B32 Toluol	39,574	16,490	32,225	10,417	31,188	252	252	0	0
VI-10B33 Trichloroethylene	0	0	0	0	0	538	531	0	0
VI-10B34 Paraphenitidin and Paranitrochlorobenzol	158	66	114	98	107	3,449	2,856	25	0
VI-10B99 Misc. Organic Chemicals	878	366	1,163	98	1,074				
Gases									
VI-10C Gases, Compressed & Liquefied (\$1000)	(9)	(4)	(26)	(1)	(26)	(37)	(37)	(0)	(0)
Paints, Pigments, etc. (tons)									
VI-10D1 Paints, Varnishes, Lacquers, etc.	562	235	978	49	670	1,856	1,298	0	0
VI-10D2 Carbon & Lamp Black	2,240	934	1,954	187	1,486	4,423	3,933	0	0
VI-10D3 Other Pigments	406	170	370	88	1,356	2,885	2,526	52	0
VI-10D9 Dryers, etc.	0	0	0	0	0	-	-	0	0
VI-10E Fertilisers	0	0	0	0	0	0	0	0	0
Plastics (tons)									
VI-10G1 Phenol Formaldehyde Resins	0	0	5	0	0	1,223	1,188	79	0
VI-10G2 Vulcanised Fibre	1,000	417	231	34	170	4,788	4,546	496	3
VI-10G3 Cellulose Film Base	677	283	505	0	54	975	444	0	0
VI-10G9 Other Plastics	13	6	85	23	31	167	113	0	0

Notes: All tons are 2000 lbs. net weight.
a Offerings shown will be reduced to conform with Soviet selections.
b Made available from production or by assignment after deduction of quantities repossessed or diverted before export. Includes purchases for cash.
c Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.
d See note d on Sheet 9.

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Nov. 30, 1944			
	Total Offering a	Offering to 11/30/44	Made Available to 11/30/44 b	During Nov. 1944	7/1/44 to 11/30/44	Made Available b	Exported c	Lost Enroute	Diverted Enroute
VI MATERIALS AND PRODUCTS (cont.)									
Misc. Chemicals including Industrial (tons)									
VI-10H1 Ammonia Rubber Paste	216	90	201	73	201	677	677	0	0
VI-10H2 Ethyl Centralite	350	146	209	153	253	2,011	1,866	0	0
VI-10H3 Boiler Compounds	51	22	101	56	279	1,545	1,390	0	0
VI-10H4 Misc. Flotation Reagents	400	167	65	27	66	545	504	22	0
VI-10H5 Twitchell Reagents	0	0	167	53	167	786	786	0	0
VI-10H6 Photogelatin	250	105	46	16	76	197	196	0	0
VI-10H9 Other Chemicals	435	182	376	45	403	942	849	44	0
Total Chemicals	323,973	135,005	170,455	34,679	178,989	658,970	638,660	15,374	1,272
Note: The following have been released from U.S.S.R. export stocks for redistribution and have been deducted from amounts made available.									
	July 1, 1944- Nov. 30, 1944 (short tons)	Oct. 1, 1941- Nov. 30, 1944 (short tons)				July 1, 1944- Nov. 30, 1944 (short tons)	Oct. 1, 1941- Nov. 30, 1944 (short tons)		
VI-10A1 Ammonium Chloride	2,244	4,072	VI-10B1 Diphenylguanidine			0	13		
VI-10A2 Ammonium Nitrate	0	2,406	VI-10B3 Ethylene Dibromide			0	2,550		
VI-10A4 Barium Peroxide	0	201	VI-10B9 Ethylene Glycol			96	103		
VI-10A9 Phosphorus	212	1,239	VI-10B22 Glycerin			207	207		
VI-10A13 Potassium Nitrate	371	1,422	VI-10B24 Methanol			99	721		
VI-10A14 Potassium Sulphate	0	1,246	VI-10B26 Phenol			534	534		
VI-10A18 Sodium Bromide	326	1,091	VI-10B32 Toluol			313	10,404		
VI-10A99 Potassium Permanganate	0	11	VI-10B99 Miscellaneous			0	7		
VI-10B2 Aniline Oil	0	2,207	VI-10H2 Ethyl Centralite			0	20		
VI-10B12 Dimethylaniline	160	160	Total Chemicals Released			4,562	28,614		
Textiles									
VI-11A Cotton Cloth (1000 yds.)	25,084	10,452	7,156	3,230	27,481	98,935	96,693	2,662	0
VI-11B Woolen Cloth (1000 yds.)	20,712	8,630	13,394	2,789	12,424	50,282	49,948	1,219	0
VI-11C Webbing (1,000 yds.)	0	0	200	713	23,562	61,490	58,616	2,427	0
VI-11D Tarpaulin (1000 yds.)	3,000	1,250	560	1,850	66	12,413	11,948	**	**
VI-11E Other Cloth (1000 yds.)	0	0	**	**	**	**	**	**	**
VI-11F Cordage and Twine (tons)	8,000	3,334	5,298	1,848	3,556	12,489	10,546	90	0
VI-11G Other Basic Textiles (\$1000)	1,493	623	2,053	265	1,736	4,637	4,035	0	0
VI-12A Fish Nets (tons)	386	161	325	41	435	1,124	924	0	0
VI-12B Other Textile Products (\$1000)	56	24	229	0	929	6,245	5,706	206	0
Leather									
VI-13 Leather (tons)	11,963	4,985	2,402	789	4,424	47,852	46,002	4,756	469
VI-14 Leather Products (\$1000)	9	4	217	7	145	350	175	0	0
Rubber									
VI-15 Crude Rubber (tons)	168*	70	176	0	2	176	2	0	0
VI-16A Vistanex (tons)	410*	171	351	104	331	1,038	979	28	0
VI-16B Other Synthetic Rubber (tons)	112*	47	112	0	112	616	616	0	0
VI-17A Shock Absorber Cord (1000 yds.)	0*	0	0	0	0	230	171	5	0
VI-17B Other Rubber Materials (\$1000)	506*	211	345	125	680	4,213	4,213	68	0
VI-18A Tires (1000 units)	Not guaranteed	501	501	74	522	3,144	3,144	98	61
VI-18A Tubes (1000 units)	Not guaranteed	455	455	73	531	3,207	3,110	95	63
VI-18B Rubber Hose (\$1000)	1,532*	639	1,025	232	1,310	7,138	6,819	155	0
VI-18C Other Rubber Products (\$1000) except Apparel	15,320	6,384	3,656	922	4,383	17,256	16,754	174	0
Footwear									
VI-19A Army Boots (1000 prs.)	5,000	2,084	2,038	1,121	2,392	11,538	11,168	570	6
VI-19B Ski Boots (1000 prs.)	0	0	0	3	41	225	225	0	0
VI-19C Rubber Boots & Shoes (\$1000)	125	53	122	39	254	1,184	1,184	0	0
VI-19D Other Boots & Shoes (\$1000)	952	397	2,077	14	2,077	3,988	3,988	14	0

Notes: **Data not available.

All tons are 2000 lbs. net weight.

a Offerings shown will be reduced to conform with Soviet selections.

b Made available from production or by assignment after deduction of quantities repossessed or diverted before export. Includes purchases for cash.

c Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.

d See note following Chemicals Total.

* Additional quantities included in offering under category VI-18C.

Item	Proposed Fourth Protocol			Exported		Total Aid - Four Protocols October 1, 1941 to Nov. 30, 1944			
	Total Offering a	Offering to 11/30/44	Made Available to 11/30/44 b	During Nov. 1944	7/1/44 to 11/30/44	Made Available b	Exported c	Lost Enroute	Diverted Enroute
VI MATERIALS AND PRODUCTS (cont.)									
Apparel Except Footwear									
VI-20A Leather Jackets (1000 units)	20	7	7	**	**	182	**	**	**
VI-20B Leather Belts (1000 units)	42	18	102	0	296	2,738	2,725	193	0
VI-20C Misc. Leather Apparel (\$1000)	121	41	122	**	**	123	**	**	**
VI-20D Rubber Apparel (\$1000)	27 d	12	15	**	**	15	**	**	**
VI-20E Other Apparel (\$1000)	496	207	568	55	2,545	13,216	13,066	70	0
Abrasives and Products									
VI-21A Abrasive Grain (tons)	8,700	3,625	3,485	446	3,078	13,749	12,333	91	0
VI-21B Abrasive Products (\$1000)	6,000	2,500	2,483	545	1,727	13,049	12,118	958	33
Carbon and Graphite									
VI-22A Graphite Powder (tons)	1,913	798	1,171	0	505	4,155	2,891	201	0
VI-22B Graphite Carbon Electrodes (tons)	6,350	2,646	1,673	198	2,288	17,636	16,849	1,470	25
VI-22C Other Graphite Materials (\$1000)	550	230	207	19	332	1,618	1,617	100	0
Paper and Products									
VI-23A Parchment Paper (tons)	1,680	700	325	46	418	2,983	2,949	0	0
VI-23B Map Paper (tons)	3,000	1,250	3,107	506	3,155	6,604	6,567	265	0
VI-23C Cigarette Paper (tons)	0	0	0	0	128	1,042	1,033	68	0
VI-23D Condenser Paper (tons)	150	63	71	15	58	336	312	0	0
VI-23E Other, Pulp Paper, etc. (tons)	4,713	1,964	195	**	**	301	**	**	**
VI-24 Paper Products (\$1000)	12	5	12	**	**	53	**	**	**
Photographic Materials									
VI-25A1 Photographic Film and Paper (\$1000)	24	10	108	1	45	538	467	0	0
VI-25A2 Reproduction Paper Stock (tons)	824	344	171	0	62	171	62	0	0
VI-25B Finished Pictures, etc. (\$1000)	0	0	2	0	2	2	2	0	0
VI-25C Misc. Photographic Materials (\$1000)	0	0	0	0	0	0	0	0	0
Asbestos									
VI-26A Asbestos (tons)	0	0	0	0	0	0	0	0	0
VI-26B Asbestos Material (\$1000)	100	42	77	4	65	284	265	4	0
Other									
VI-27 Buttons (\$1000)	357	149	537	410	848	1,549	1,549	49	0
VI-97 Other Crude Materials (\$1000)	0	0	1	**	**	5	**	**	**
VI-98 Other Basic Materials (\$1000)	21	9	28	**	**	108	**	**	**
VI-99 Other End Products (\$1000)	10	5	111	**	**	449	**	**	**

Notes: All tons are 2000 lbs. net weight.

a Offerings shown will be reduced to conform with Soviet selections.

b Made available from production or by assignment after deduction of quantities repossessed or diverted before export. Includes purchases for cash.

c Quantities exported have arrived in Soviet or Persian Gulf ports or are enroute except for the quantities shown as lost or diverted.

d Additional quantities included in offering under VI-18G.

** Data not available.

SECRET

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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HA

29 January 1945

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

My dear Mr. Secretary:

In response to your request we hand you
herewith a memorandum on the "Free German Committee"
which has been established in Russia. We trust that
it contains the information which you desire.

If you have any further questions con-
cerning this matter we will be glad to attempt to
answer them for you.

Respectfully yours,

E. J. Putzel, Jr.
E. J. Putzel, Jr.
Lt. (j.g.), USNR

Asst. Executive Officer

Enclosure

SECRET

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D. C.

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MEMORANDUM ON THE FREE GERMANY COMMITTEE

The Free Germany Committee and the affiliated Union of German Officers were formed under Soviet auspices in the summer of 1943 as a political warfare weapon designed to disrupt the German war effort. The establishment of the Committee was preceded by at least two abortive attempts to create an organization of Germans who would advocate the overthrow of the Hitler regime. On 8 October the "First Conference of German Prisoner-of-War Privates and Non-Commissioned Officers in the Soviet Union" was held at "Camp No. 58", under the chairmanship of Walter Ulbricht, a former Communist member of the Reichstag. Over a year later a "National Peace Conference" was reported by Communist sources to have been held in "a Rhenish city" during December 1942.

The "Conference" is reported to have produced a manifesto which in several important respects was similar to the manifesto adopted by the Free Germany Committee some six months later.

With the German Communist Erich Weinert as president,

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the opening sessions of the Free Germany Committee were held on 12 and 13 July 1943. According to Weinert the formation of the Committee was delayed by the difficulties of (1) convincing German prisoners that "Hitler alone was guilty of the war", and (2) reaching an understanding between the war prisoners and the German Communist exiles. The Soviet victory at Stalingrad in February 1943, Weinert indicated, served to dispel these difficulties. The inaugural meetings chose a Committee of 38 under Weinert's presidency. Major Karl Hetz and Lt. Count Heinrich von Einseidel, a grandson of Bismarck, were named vice-presidents. Later, when the German Officers Union was formed, Colonel General von Seydlitz, Lieutenant General Edler von Daniels, and Lance Corporal Emmendoerfer were added to the list of vice-presidents.

On 11 and 12 September, according to Tass, over one hundred delegates from five prisoner-of-war camps met to organize the German Officers Union, under General von Seydlitz as president, which immediately "endorsed the program of the Free Germany National Committee" and decided to join it. Some 23 senior officers (majors to generals) and 64 other officers appear to have been members at that time.

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The Committee's manifesto emphasizing the blackness of the German military and political position stated that the time was not too late to save something of Germany, if the Hitlerite leadership were overthrown and the war brought to an end. If these conditions were met, the Committee promised an independent, democratic, and truly national strong government; civil rights; and a free economy based on private property, trade unionism, and social legislation. The remainder of the platform was expressed in largely rhetorical and ambiguous terms, presumably to appeal to as many Germans as possible. Revolutionary implications were contained in the statement that the future German democracy "will have nothing in common with the helpless Weimar regime" and in the exhortation to organize "fighting groups at the enterprises, in the villages, in the labor camps and in the universities". However, these implications were imprecise enough to appeal to Communists, Social Democrats, and left-wing Nazis alike. The appeal to German nationalism was similarly phrased.

The manifesto of the German Officers Union closely paralleled that of the Committee, but contained sharper condemnations of Hitler's military bungling and amateurism. It

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appealed to "the leaders of the troops, Generals and officers of our armed forces" to take heed from Stalingrad and save Germany.

After promulgating their manifestoes, the two organizations began to broadcast a series of appeals to the German people and armed forces which have continued to the present time with a virtually unchanged propaganda line. These broadcasts have distinguished between the Nazis and their supporters on the hand, and the non-Nazi population. They have emphasized that the overthrow of the Hitler regime remains the only possibility for Germany's salvation. They have stressed that only the Nazis will be punished, not the whole German people.

The operations of the Free Germany Committee have been steadily expanded since its inception. Broadcasts have been supplemented by the activities of Free Germany Front Delegates who have arranged for the distribution of leaflets, loudspeaker broadcasts, and in certain cases appear to have established contact with German commanders and arranged for their surrender to Soviet troops.

The Committee in Moscow has either directly or indirectly inspired the formation of affiliates in occupied,

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liberated, or neutral countries, one of the most important of which appears to be the CALPO (Comite Allemagne Libre Pour L'Ouest).

This Western branch of the Committee is reported to have been organized under Communist auspices in November 1943 by German officers and soldiers in France. With headquarters in Paris and branches in Toulouse and Marseille, CALPO seems to have about 2000 members, including representatives of most anti-Nazi German political groups. It has been concentrating its activities on breaking down German soldier morale. Other Free Germany units have been established in London, Stockholm, and Mexico City.

The growth of Free Germany has provoked increasing Nazi reaction. During the Committee's first year the Nazi press and radio made very few references to its existence, but Nazi leadership in confidential memoranda revealed anxiety as to the political capabilities of the Committee as early as January 1944. This concern centered upon the competition which the Committee offered as a rival for the support of the German people and as a foundation for German national hopes for the future. The Nazis recognized that this rival might encourage

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the German people to regard the Soviet Union not as the agent of permanent revolution but as a friendly powerful neighbor demanding a friendly foreign policy from an independent Germany. The Nazis waited, however, until July 1944 to launch an intensive campaign of counter-propaganda, presumably because they were reluctant to give the Committee publicity.

Three events in July stirred the Nazis to run greater risks: (a) the surrender of the encircled German 4th Army on the Eastern Front which, through the efforts of the Committee, brought the Commanding General and 16 other general officers into Free Germany ranks; (b) the 20 July putsch against the Hitler regime; and (c) the approach of the Red Army to the German frontiers, which elicited an appeal from the Committee for the formation of People's Committees on German soil in East Prussia.

These events precipitated a general Nazi campaign against the Free Germany movement. This campaign carefully avoided any statement which might recognize the Committee as a rival, and characterized the Committee as a "bluff" on the part of the Soviet Union, created for the purposes of propaganda and the disintegration of Germany. Adherents to the

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movement were characterized as traitors, and General von Seydlitz was condemned to death in absentia for treason.

Evidence on the reception of the Free Germany movement in Germany indicates a reason for Nazi fears. Free Germany cells designed for action in a post-Nazi Germany reportedly have been formed both in the Wehrmacht and on the home-front. The officers corps appears to have been influenced by Free Germany more than the enlisted men or the junior officers. This is probably because the officer corps knows more about Free Germany and is a distinct social group with a tradition and political ambitions. Prisoner-of-war interrogations disclose that an increasing number of officers, under the influence of illustrious names like Seydlitz and Paulus, consider that Free Germany offers them the only opportunity for a national future. These interrogations have also shown the officer corps to be particularly susceptible to any program, like that of the Free Germany Committee, which calls for the assumption of authority with the declared aim of avoiding revolutionary chaos.

Among German civilians the Free Germany movement appears to have received the greatest response from the polit-

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ically conscious working classes. The Free Germany movement inside Germany consists at the core in a coalition, formed in May 1944, of three underground workers' parties -- the Social Democrats, the Communists, and the Socialist Workers -- called the "Unity Front from Pieck to Seydlitz" (Pieck, head of the German Communist Party, is a leader of the Committee in Moscow). This coalition, in which the three parties retain their organizational identity, has adopted a platform which is drawn from the manifesto of the Moscow Committee, but is somewhat more vague as regards a future political program. Though the Unity Front is reportedly engaged in restricted sabotage, its primary function is to maintain an organized nucleus for later action. Existing communications between locals cells are too irregular to permit extensive positive action. The Front has declared itself ready to cooperate with the Allied occupation, chiefly by assuming administrative authority under military government, and states that it intends to defer the formulation of definite political policies until permitted to do so by MG.

As a weapon of psychological warfare, Free Germany appears to have made significant progress towards its basic aims of disrupting the German war machine, promoting surrender

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and revealing to the German people a better alternative to a fight to the bitter end. By making its program sufficiently vague to appeal to the most divergent German social groups, it apparently has built up a following inside and outside Germany.

27 January 1945

SECRET
Regraded Unclassified

OFFICE OF STRATEGIC SERVICES

OFFICIAL DISPATCH

DATE 29 January 1945

#272

FROM Berne

HBC

PRIORITY

TO

DIRECTOR, OFFICE OF STRATEGIC SERVICES

ROUTINE

DEFERRED

DISTRIBUTION

(FOR ACTION)

(FOR INFORMATION)

RECEIVED IN PLAIN TEXT

RESTRICTED

GERMANY

1. Reports from Germany indicate that the Germans are expecting that the general pattern which the Russians have followed in Rumania, Bulgaria, and Hungary will be followed in Germany. They anticipate that the Russians, as soon as a substantial part of Germany has been occupied, will form a German government composed in part of generals, such as Paulus and Seydlitz and in part of Leftists from the territory occupied. If such an effort on the part of the Russians were blocked today by the Allies, the Germans feel that the Russians would still succeed later with it, just as they did with the Lublin Committee. Some of the German representatives here in Switzerland are wondering what they would do if they should be called on to repudiate the Nazi government and adhere to such a new German government. Most of them here would be glad to get out of their present job if they felt it would help their position to do so at this late date.

2. We have no evidence here that von Papen is either in Switzerland or Spain, as rumored. In fact, according to our latest report, he was in Germany when last heard from, but of course we don't know exactly where he may be today. If Germany makes any desperate peace feelers, it would probably be done by some one more trusted by Himmler than von Papen. According to reports reaching us, Himmler still feels that he might be able to do something at the last moment in the way of peace negotiations. There are reasons to believe that he is even now trying, but without success so far, to establish contact for this purpose with high Catholic authorities in North Italy.

RESTRICTED

House -
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TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

January 29, 1945

TO Secretary Morgenthau

FROM Mr. DuBois

On Saturday, January 27, at 3:00 p.m., I went to Judge Rosenman's office, pursuant to his suggestion, and examined the memorandum which had been sent to the President on January 22 by the Secretary of State, the Secretary of War and the Attorney General, dealing with the trial and punishment of war criminals. There is attached a summary of this memorandum.

There follows a brief statement of what I regard as the strong points in the memorandum and its weaknesses.

Strong Points.

The following points which we made in the memorandum which you sent to Judge Rosenman and Jack McCloy were covered in the memorandum to the President:

(1) It was made clear that the procedure under the Moscow Declaration, for trying criminals in the countries in which their crimes were committed, took precedence over the other procedures set forth in the memorandum.

(2) It was stated that no enabling legislation or treaty was necessary; that what was recommended could be established by executive agreement.

(3) It was stated that the international tribunal which was proposed should be a military tribunal.

(4) It was recommended that the findings in the conspiracy trial (in which the leaders would be convicted and findings made as to the guilt of the organizations involved) would be binding upon all individual defendants in subsequent trials - and that the only proof of guilt would be membership in these organizations. At the same time it was indicated that evidence would be taken to determine the nature and extent of the participation of the individual defendants for the purpose of meting appropriate punishment, which could include labor in devastated countries.

(5) The conspiracy trial would comprehend the crimes against German nationals, stateless persons and neutrals.

- - - - -

It was also recommended that the United Nations War Crimes Commission be dissolved and that an executive group, composed of representatives of Great Britain, the United States, the Soviet Union and France, be set up immediately to begin preparing the case.

The facts concerning the failure of the War Crimes Commission were set forth. You will probably be interested in reading a summary of these facts, contained on the first page of the attached memorandum.

Weaknesses.

The chief weakness in the memorandum lay in the fact that, although it was made clear that the procedures of the Moscow Declaration took precedence, no indication was given as to the way in which it was proposed to actually implement the procedures of the Moscow Declaration. Thus, we had recommended that it should be made clear that if any one of the United Nations requested a war criminal, the criminal should be turned over to that United Nation for trial without any questions being asked. The memorandum to the President left this question open - it neither established nor foreclosed such a procedure.

In addition, although it was stated that military personnel would be used in order to avoid technical contentions and legalistic arguments, no ~~specific~~ specific recommendations were made (such as were set forth in our memorandum) designed to avoid legalistic red tape.

In summary it may be said that the memorandum to the President was a great improvement over the previous memorandum which we had seen, but did not go nearly as far in providing an effective procedure as our memorandum provided.

Attachment.

jes

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

TO Secretary Morgenthau

January 29, 1945

FROM Mr. DuBois

The following is a summary of a memorandum sent to the President on January 22, signed by the Secretary of State, the Secretary of War and the Attorney General:

Section I - Moscow Declaration

The provision of the Moscow Declaration, dealing with sending criminals back to the scene of their crimes for punishment according to the laws of the countries where their crimes were committed, was quoted.

Section II - United Nations War Crimes Commission

This section contained a brief summary of the functions of the Commission and its accomplishments. The following facts were pointed out:

Fifteen nations are represented on the Crimes Commission. Russia is not represented. The Commission has no investigative or prosecuting authority and no authority to actually try offenses. The Commission is charged with getting up a list of criminals and recording the evidence against them; and making recommendations as to tribunals to try the criminals and the procedures to be followed. The Commission receives lists from the investigating authorities of the respective United Nations.

To date approximately one thousand offenders have been docketed with the Commission. The labors of the Commission have not resulted in any governmental agreement as to the tribunals to be established or the procedures to be followed. The Commission has been widely criticized for the paucity of its work. Its activities have been marked by dissension. The British representative, who was chairman, and the Norwegian representative have resigned.

Section III - Scope and Dimensions of War Crimes Problem

The crimes to be punished, which were mentioned, included mass murders, imprisonments, expulsions, deportations, starvation, wholesale looting and torture, as well as the prosecution of total war without regard to the laws of war. This section also developed the theory of a premeditated criminal plan or enterprise.

In discussing the criminals to be punished, reference was made to leaders of the Nazi party and the German Reich and Nazi organizations, including the SS, Gestapo and the SA.

Section IV - Difficulties of Effective War Crimes Program

Difficulties of identification and proof. Here it was pointed out that large numbers of persons were involved and that it would be practically impossible to attempt to get specific evidence proving that particular individuals committed particular crimes.

Legal difficulties. It was stated that pre-war atrocities are not "war crimes" in a technical sense. At the same time it was stated that it is the clear policy of the U. S. that these crimes be punished; and that the interests of post-war security and the "necessary rehabilitation of the German people" require that this be done.

Section V - Recommended Program

It was pointed out that the notorious criminals could be put to death without either a trial or a hearing. However, it was stated that this action was not favored.

It was then recommended that the leaders and organizations should be charged with the commission of their atrocious crimes and with joint participation in a broad criminal enterprise, which should include pre-war atrocities and should also include crimes committed against their own nationals, stateless persons, and neutrals.

It was recommended that the procedure to be followed in such a conspiracy action be as follows:

- 3 -

Stage 1 - An international tribunal would be set up, created by an executive agreement, to try the leaders and the organizations. It would sentence the particular defendants before it and would also make findings adjudicating the complicity of members of the organizations in the conspiracy.

Stage 2 - Occupation courts would be set up which would try those individuals not sent back for trial under the Moscow Declaration, and members of the organizations charged with complicity through membership but against whom there was not sufficient proof of specific atrocities. The findings of the international tribunal would be binding upon all members of the organizations in these subsequent trials. The only necessary proof of guilt of any particular defendant would be his membership in one of these organizations. Proof would also be taken of the nature and extent of the defendant's participation and appropriate punishment would be given. Punishment in appropriate cases might be imprisonment at hard labor instead of the death penalty; and defendants could be worked in restoring devastated areas.

"Individual defendants who can be connected with specific atrocities shall be tried and punished in the national courts of the countries concerned as contemplated in the Moscow Declaration."

Section VI - Nature and Composition of Tribunals

An international military commission or military courts would be established by an executive agreement to try the leaders and members of the organizations. No enabling legislation or treaty is necessary. Such a tribunal might be established by the Control Council for Germany. It might consist of seven representatives, one each from Great Britain, the United States, the Soviet Union and France and three agreed upon by the other United Nations. Preference was indicated for military personnel in the tribunal for the reasons that they would be less likely to give undue weight to technical contentions and legalistic arguments.

With respect to the subsequent trials it was pointed out that these might be by occupation courts, national courts or international military courts.

Section VII - Preparation of Case

The United Nations War Crimes Commission cannot be satisfactorily employed and having performed its mission should now be dissolved.

A full time executive group should be set up composed of one military representative of Great Britain, the United States, the Soviet Union and France. This executive group should have adequate personnel and should start immediately on the job of preparing the case.

Section VIII - Soviet Attitude

Reference was made to a note of Molotov of October 14, 1942, addressed to several Governments in exile, in which it was indicated that the Soviet Union was ready to support practical measures on the part of the Allies in bringing Hitlerites and their accomplices to justice before "the courts of the special international tribunal," and favoring their punishment in accordance with the criminal code.

Section IX - The British Attitude

Reference was made to an aide-memoire from the British Foreign Office of October 30, 1944 indicating that it was prepared to cooperate in establishing mixed military tribunals to deal with cases which for one reason or another could not be tried in national courts.

jes

HM-1704
Distribution of true
reading only by special
arrangement. (SECRET W)

Paris

Dated January 29, 1945

Rec'd. 4:00 p.m. Feb. 3,

Secretary of State

Washington

410, January 29, 6 p.m.

FOR MOSES LEAVITT AMERICAN JOINT DISTRIBUTION
COMMITTEE FROM JOSEPH SCHWARTZ.

All documents now in order, expect to leave for
Brussels January 29. Understand situation there
aggravated and most important we have resident repre-
sentative there. Hope you pushing validation passport
Laura Margolis for France. We are now attempting to
merge Comite Assistance Refugees, Federation Societes
Juives and Comite General Defense into one single relief
agency for all of France and prospects of success good.
Children problem coming under control but having great
difficulties with large number new organizations which
have sprung up during occupation. Budget for January
at least 35,000,000 francs most of which we have already
paid out and can see no possibility of reduction before
spring. Will keep you fully advised.

CAFFERY

JMB

NOTE: Delay due to original message being undecipherable.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Dublin
TO: Secretary of State, Washington
DATED: January 29, 1945
NUMBER: 19

CONFIDENTIAL

I have received a letter this morning from Walshe saying that immediately upon receipt of my letter he wired Irish Charge in Berlin instructing him to make representations in the wished for sense. Refer to your cable of January 22, no. 20, resericed and received on January 25 and paraphrased at once and delivered with covering letter requesting appropriate action to External Affairs. I have thanked Walshe for his prompt action, in your name.

GRAY

DC/L:VAG

1/31/45

GEM

CORRECTION

PLAIN

January 29, 1945

In cable from Lisbon, No. 195, January 26,
re WRB, change serial number to 196.

DIVISION OF CENTRAL SERVICES

CSB

NMC-1240

PLAIN

Lisbon

Dated January 29, 1945

Rec'd 3:06 a.m., 30th

Secretary of State,
Washington.

216, Twenty-ninth

FOR LEAVITT FROM HAROLD TROUBE

WRB 297, JDC 155 Saly Mayer advises 67 Dutch and
German nationals arrived Switzerland.

CROCKER

MJF

DD-1246

PLAIN

Lisbon

Dated January 29, 1945

Rec'd 3:26 a.m., 30th

Secretary of State,
Washington.

217, Twenty-ninth

WRB 296 JDC 154 FOR LEAVITT FROM HAROLD.

Trobe Resnik cabled 26th: "Leaving immediately
for Albania first foreign relief organization to
enter."

CROCKER

WMB

DD-1139

PLAIN

Lisbon

Dated January 29, 1945

Rec'd 6:44 p.m.

Secretary of State,
Washington.

210, Twenty-ninth.

WRB 295, JDC 153, FOR LEAVITT FROM HAROLD TROBE.

Laura Margolis confirms unfeasibility rescuing
Jews from Baltic to Stockholm and advises Soviet author-
ities and Olsen agree. Because Hilel Storch pressure
Gottfarb has been asked investigate further and will
advise conclusion. Margolis thinks Stockholm unrequir-
ing money for rescue work present time. Advised Paris.

CROCKER

JT

DEPARTMENT
OF
STATE

OUTGOING
TELEGRAM

DIVISION OF
CENTRAL SERVICES
TELEGRAPH SECTION

LF

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

January 22, 1945
8 p.m.

COMMUNICATIONS
AND RECORDS
(LIAISON)

EMBASSY,

CHUNGKING, (CHINA).

151

FOR ADLER FROM THE SECRETARY OF THE TREASURY

The following press release was issued on January 22, 1945 with approval of State and War Departments:

QUOTE The U. S. Treasury Department has just completed transfer to the Republic of China of \$210,000,000 in settlement for advances of local currency and for supplies, services and military construction furnished the U.S. Forces in China.

QUOTE This excludes certain aid furnished to the United States by the Chinese Government in the form of reciprocal aid.

QUOTE A portion of the settlement came from U.S. funds already in China, a portion from funds previously placed to China's credit in the United States and the remainder in the form of a check for approximately \$150,000,000 which Secretary Morgenthau gave to Dr. H. H. Kung here. END QUOTE

FMA:PMc4:mk

1/26/45

CA

GREW
(Acting)
(CL)

SECRETOPTEL No. 33

Information received up to 10 a.m., 29th January, 1945.

NAVAL

1. HOME WATERS. U-boat which torpedoed two ships in the Irish Sea as mentioned in OPTEL No. 32 was sunk yesterday afternoon after prolonged attack by two of H.M. Frigates.

MILITARY

2. WESTERN FRONT. Southern Sector: The 1st French Army has continued to maintain pressure west of Mulhouse and has entered Gernay. On Northern flank of Colmar Pocket U.S. troops have made further gains towards town of Colmar.

Central Sector: In Ardennes U.S. troops made good progress and now generally within two miles German frontier.

3. EASTERN FRONT.

Northern and East Prussian Sector: Russians have captured Memel while further south Sensburg and Bischofsburg (N.W. Allenstein) were taken and German attempts to break out have failed.

Central Sector: South of Graudenz (Graudziadz) Russians have cleared east bank of Vistula and occupied Chalmno while north of Bromberg, Zempelpurg (Sempolno) captured and also number of other places N.W. and S.W. of Posen taken. North of Rzwice three towns captured while to N.W. Guhrau on German territory was taken. Whole of Abarowa coal area towns of Katowice and Beuthen and number of neighbouring centres in Russian hands.

Southern Sector: In Carpathians further advances made and important communication centre of Poprad captured. Germans report violent attacks against Posen, Schneidmuehl and Torun.

4. BURMA. Coastal Sector: Our troops on West Coast Ramree now 25 miles south Kyaukpyu, 26th. Landing made on Sagu Island (south Ramree) but no enemy seen.

AIR

5. WESTERN FRONT. 28th. 891 escorted Fortresses and Liberators (22 bombers missing) attacked targets West Germany including railway centre and bridge Cologne (742 tons), Two Benzol plants Dortmund (406 tons), railway centre Hohenbudberg (427 tons), Duisburg (201 tons) with fair to good results. 143 Liberators (3 missing) also bombed railway centre Cologne (738 tons) in clear weather. SHAEF (Air): 80 bombers (4 missing) attacked communications behind Ardennes sector (13c tons) results mainly unobserved. 387 fighters (1 missing) operated northern and central sectors.

6. MEDITERRANEAN. 27th. 74 medium and light bombers (2 missing) and 584 fighters and fighter bombers (4 missing) attacked communications and other targets North Italy, destroying or damaging ten bridges and 380 road and rail vehicles, while further 30 fighters attacked explosive motor-boats Lussinpiccolo area and factory in N.E. Italy.

7. BURMA AND FRENCH INDO CHINA. 26th. 95 Mitchells and 324 fighters attacked enemy positions and communications in Arakan, Central Burma, and N. Shan States.

27th. Super-Fortresses attacked naval yards and arsenal Saigon (59 tons).

HOME SECURITY

8. ROCKETS. 28th. Two incidents reported.
Night 28th/29th. Two incidents.