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Treasury Department
Washington.

March 27, 1946

My dear Mr. Secretary:

Your telegram of last night, which was on my desk this morning, asked for a report on the latest developments on income tax evasion.

Joe Numan returned today from New York. He had a conference there yesterday with the three Collectors, the Revenue Agents in Charge, and Hugh McQuillan, the Supervising Special Agent. They prepared for carrying on a campaign along the lines you had already discussed.

Joe O'Connell, Commissioner Numan, Woolf and Irey will meet this afternoon at the Bureau to discuss the general strategy to be used in all districts. Tomorrow they will meet with groups including Collectors, Special Agents in Charge, Revenue Agents in Charge, and Alcohol Tax Supervisors from the following cities:

Boston
Philadelphia
Detroit
Cleveland
Baltimore
Chicago

All the Deputy Commissioners and Phil Wenschel, the Chief Counsel, will also attend this meeting.

Sincerely,

The Washington Post had a somewhat queer editorial this morning on this subject. It might have been written by Eugene Meyer. I am enclosing a copy and also a draft of a letter in case you should desire to send one.

The Honorable Henry Morgenthau, Jr.
Secretary of the Treasury
The Sheraton Plaza Hotel
Daytona Beach, Florida

Enclosures.
T-Men At Work

Anyone whose income is obtained by unlawful means is forced to become a tax dodger unless he can find some way to dress up his income tax declarations. For that reason we have always felt that Treasury agents were getting off their reservation when they set out to nab big-time gangsters and crooks for income tax evasion. The fact that the Treasury's chief critic is given credit for the jailing of At Capone recently testifies to the deficiencies of our system of criminal law enforcement. It does not in our opinion justify the practice of using Treasury agents to snare lawbreakers who have failed to share their loot with the Treasury. That is a job for the FBI and for local police forces.

For that reason we dislike to see Treasury agents setting out to trap tax evaders by resort to dragnet inquisitorial methods that are likely to cause embarrassment to law-abiding citizens. We do not doubt that a check-up on the spending habits of the tax evaders will bring in a certain amount of revenue from potential tax evaders whose activities will not bear scrutiny. But inquiries of this kind will also create justified resentment among free-spending Americans whose only crime is self-indulgence at a time when patriotic citizensought to be cutting out all but essential expenditures. A few black market operators and racketeers may be spotted, of course, but the chief result of the Treasury's efforts will probably be to drive these genius to cover. Warned against the dangers of what Treasury men called 'conspicuous consumption,' they will be more inclined to hoard their ill-gotten earnings, but it is a safe guess that they will not voluntarily share them with the Government.

The only effective way to suppress black market operations and other illegal activities is to attack such evils at their source instead of trying to establish a claim to unreported taxable income derived from illegal operations. In tracking down criminal elements it may be helpful for detectives to look over the names of report visitors who are spending lavishly, if their sources of incomes are mysterious. But this kind of police work should be assigned to general law enforcement agencies, not to Treasury investigators.
To the Editor of The Post:

I am not sure that I know what you are driving at in the editorial in the Washington Post of March 27 under the title "Men At Work." So far as I can understand it, it seems to attribute to the Treasury Department an intention to suppress "black marketing operations and other illegal activities" by means of tax investigations and prosecutions. This is putting the cart before the horse and it is not our intention at all. Our intention is solely and simply to detect and to prevent tax evasion, which is our sworn responsibility. If black market and other illegal operations should be hampered and embarrassed by our tax enforcement steps that would not seem to me to be an evil result.

I am greatly puzzled by the first two sentences of the editorial which read:

"Anyone whose income is obtained by unlawful means is forced to become a tax dodger unless he can find some way to dress up his income tax declaration. For that reason we have always felt that Treasury agents were getting off their reservation when they set out to nab big-time gangsters and crooks for income tax evasion."

Does that mean that if a man gains his income by lawful means he should be subject to taxation but if he gains it by unlawful means he should not?

Sincerely yours,

The Editor
The Washington Post
Washington, D. C.

March 27, 1945

My dear Mr. Secretary:

The attached letter to the Editor of The New York Times has been evoked following Harry White's mention of the matter to you on Saturday. It is a dignified letter with a minimum of accusation in it. My only objection is that it is probably a bit old. However, I think there is real value in getting the record straight so far as The Times is concerned.

Sincerely,

The Honorable Henry Morgenthau, Jr.
Secretary of the Treasury
Sheraton Plaza Hotel
Daytona Beach, Florida
Dear Mr. Mers:

I am enclosing a letter to the Editor over my signature which I should be glad to have The Times run. You may regard it as somewhat long but I believe the subject justifies it.

Sincerely,

Mr. Charles Mers,
Editor, The New York Times,
New York, New York

Enclosure.
An important part of Mr. Boothby's design appears to be to leave the impression that he is a strong advocate of international monetary cooperation but that he is troubled by obstructions in the Fund. In an editorial note to the first letter, Mr. Boothby was said to be a member of the British delegation at the Bretton Woods Conference. In fact, he was not. In an editorial note to the second letter Mr. Boothby was said to be "chairman of the Monetary Policy Committee in London which includes members of Parliament of all parties." Mr. Boothby's committee has been in truth no official standing whatever and it is not authorized to speak for Parliament on an important aspect of international currency relations.

Contrary to the impression likely to be created by The Times editorial, officials of the Treasury replied directly to the four questions in Mr. Boothby's letter. The following is from the record of the hearings:

Q. "Do you have the statement?"
A. "Thank you. Mr. Boothby's first question 'Does the Fund apply the principle of non-discrimination to international trade?'

The answer to that question is that non-discrimination is implied in the Articles of Agreement, and that there is no discrimination against any country or any commodity. The question of whether the Fund will apply the principle of non-discrimination to international trade is another matter. It is clear that the Fund will apply the principle of non-discrimination to international trade, and that it will not apply the principle of discrimination to any country or any commodity.

Q. "What is the purpose of the agreement?"
A. "The purpose of the agreement is to ensure stability of exchange rates, to prevent speculation, and to promote international trade.

Q. "How does the agreement work?"
A. "The agreement works by setting a fixed price for each currency, and by allowing each country to specify the amount of its currency that it will hold in reserve.

Q. "Does the agreement work?"
A. "Yes, the agreement has been successful in maintaining stability of exchange rates and promoting international trade.

Q. "Why was the agreement necessary?"
A. "The agreement was necessary because of the instability of exchange rates and the need for international trade.

Q. "What are the benefits of the agreement?"
A. "The benefits of the agreement are stability of exchange rates, promotion of international trade, and prevention of speculation.

Q. "What are the drawbacks of the agreement?"
A. "The drawbacks of the agreement are the need for cooperation among countries, the difficulty of setting fixed prices, and the possibility of manipulation by speculative actions.

Q. "What is the future of the agreement?"
A. "The future of the agreement is uncertain, but it is expected to continue to be used in the future.

Q. "What is the role of the Fund in the agreement?"
A. "The role of the Fund in the agreement is to ensure stability of exchange rates and to prevent speculation.

Q. "What is the role of the Fund in international trade?"
A. "The role of the Fund in international trade is to promote international trade and to maintain stability of exchange rates.

Q. "What is the role of the Fund in the economy?"
A. "The role of the Fund in the economy is to maintain stability of exchange rates and to promote international trade.

Q. "What is the role of the Fund in the world economy?"
A. "The role of the Fund in the world economy is to maintain stability of exchange rates and to promote international trade.

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Q. "What is the role of the Fund in the world economy?"
A. "The role of the Fund in the world economy is to maintain stability of exchange rates and to promote international trade.
the parity for the ordinary market fluctuations? The answer to that question is very distinctly yes. A country, when the parity of its currency is fixed, agrees that it will keep the value of that currency within one percent above or below that parity, unless the parity is changed in accordance with the provisions of the Fund.

"Now for the point: 'Does that represent the gold standard? It depends entirely upon what is meant by the gold standard."

"If they mean by the gold standard the keeping of exchange rates within a narrow range around the parity, the answer is that the Agreement does mean stable exchange rates within one percent above and below the parity, until and unless the parity is changed in accordance with the provisions of the Fund.

"If they mean by the gold standard, one of a number of other tests, that a country cannot, for example, issue additional currency unless they keep certain gold reserves, then in this respect the Agreement does not compel a country to relate the quantity of its currency to its gold reserves.

"Question four: Article VIII (c) requires each member country to keep balance of its currency held by other member country (reasonably safe) if the balances have arisen through current transactions, but not if they have arisen through capital transactions. Article VIII (d) does not apply, control of capital movements and definitely prohibits the use of the Fund's resources to meet a capital outflow from a member country.

"Suppose a country has, simultaneously, a capital outflow, and a deficit on income account. She is not allowed to use the Fund to check the former. She is apparently allowed to use the Fund to the limit of her quotas to prevent any depreciation of her currency caused by the latter. Although, under Article VIII, she may be compelled to make charges for doing so. That, probably, are her obligations in this situation! It is use that is not likely to arise."

"May I rephrase the question in simpler terms? Here is a country that has a capital outflow. That is to say, it's own citizens are sending their balances abroad into foreign countries, or people abroad are withdrawing their balances. Either one of these cases. The other part of the question concerns a deficit on current account, that is to say, in payment for imports, services, income from investments and similar transactions. Suppose the two are going on simultaneously. What are the obligations of a country? The answer, it seems to me, would be approximately as follows:

"As far as the country wants to use the Fund to meet its current deficit, if the Directors of the Fund agree that the meeting of that current deficit in these reasonable amounts is conducive to carrying out the purposes of the Fund — stability of exchange rates and other purposes — the country can do so.

"If it is simultaneously having a capital outflow, if it is very small, the Executive Director might take the attitude that the small outflow is insignificant and that no steps need be taken to stop it.

"If the capital outflow is large and sustained, the Executive Director might well take the view, which would be in accordance with the provisions of the Fund, that such a large capital outflow would weaken the position of the country in its efforts to maintain the value of its currency stable, and that it is contrary to the purposes of the Fund for such a country while it is using the Fund to allow too large an outflow of capital.

"It would depend, then, Congressman, on the magnitude of the capital outflow, on the current deficit, and on the fundamental question of whether the capital outflow will undermine the country's position in keeping its currency stable.

"The Fund is not intended to provide resources to support an untenable exchange rate. If this capital outflow has that effect, the Fund could require the country to prevent it; and if the country does not prevent it, the Fund could refuse to sell the country exchange with which to meet its deficit on current account."
These are the facts on the "omissions and ambiguities" of which Mr. Beothy wrote. On this general point, a Treasury official told the House Committee:

"I may say that there is no difference of opinion in interpretation with respect to the points that Mr. Beothy pointed out. There may be among some people in England, including Mr. Beothy. He may have some doubt. He cannot speak for England on that point, nor can he speak for the delegation, that is, the British delegation that was there. He was not a member of the delegation; he did not participate in the discussions which took place either before or after Bretton Woods.

"It may well be that Mr. Beothy is confused, but that is quite a different thing from assuming that there is a difference of interpretation on major points between the two governments."

Limitations of space no doubt were responsible for the incompleteness of your report of the answers to Mr. Beothy's questions. In view of your editorial of March 10, you may now wish to give your readers the opportunity to read these answers in full.

Sincerely yours,
In accordance with your request, I talked to the War Finance Chairman in Massachusetts, New York, Pennsylvania, New Jersey, Maryland, Ohio, Indiana, Illinois, Northern California, Southern California, and Washington on the problems that we were having in pricing issues to be included in the Seventh War Loan basket. I discussed with each of them -- and in some cases with their associates who were most closely in touch with the technical details -- the state of the bond market immediately before the Sixth War Loan, immediately after the Sixth War Loan, and as it stands now. I discussed with each of them various courses of action on pricing the Seventh War Loan issues that are open to us at this time.

The Chairman were unanimous on one thing: any pricing of the new issues that cracks the market hard will make the job of selling individuals $2 billions of securities outside of E bonds quite a good deal harder. People do not have confidence in a falling market. Neither do they like to buy bonds on such a market nor on a market that has had a recent sharp setback.

Conversations with some of the Chairman -- particularly those in Massachusetts, New York, Illinois, and Washington -- indicate that many of the people who are going to sell War Bonds in the Seventh War Loan and many of the people who are going to be our customers have come to the conclusion that you don't have much choice in pricing the issues. They indicated to me that they thought you would have no choice but to offer a '74 or '75 maturity on a 4-1/4 and a '63 or '64 maturity on a 3-1/4. If you did anything else, they indicated that you would be criticized on the one hand for "giving away too good a deal" and on the other hand for "selling the market in the face". They conclude that the rate pattern has changed and that as a prudent Secretary of the Treasury you will take advantage of it.

Some of the people I talked to thought the market would be very much shocked if you went back to the old pattern. Pulliam, for example, said that "a drop in the market as a result of new issue pricing would result in a flood of rumors that prices of some of the existing issues might even go below par." Pulliam said that putting

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Favorable
- Detroit
  Globe Democrat
  Post - Dispatch
  Star - Times

- New York and New England
  Christian Science Monitor
  Springfield (Mass.) Republican
  Worcester (Mass.) Telegram
  Syracuse (N.Y.) Herald Journal
  Utica (N.Y.) Observer Dispatch
  Providence (R.I.) Journal
  Burlington (Vt.) Free Press

- Middle West
  Gary (Ind.) Post Tribune
  Indianapolis (Ind.) News
  Indianapolis (Ind.) Star"Miller (Wisc.) Journal
  St. Paul (Minn.) Dispatch
  St. Paul (Minn.) Pioneer Press
  Waterloo (Iowa) Courier
  Des Moines (Iowa) Register
  Rapid City (S. Dak.) Journal
  Lincoln (Nebr.) State Journal

- South
  Birmingham (Ala.) Age-Guardian
  Atlanta Journal
  Louisville Courier-Journal
  Asheville (N.C.) Citizen
  Columbia (S.C.) Record
  Greenville (S.C.) News
  Nashville Tennessean
  Corpus Christi (Tex.) Caller

- West
  Los Angeles Evening News

Strong stock.
the market back to the old line "would be ruinous". He felt that the Federal Reserve's position -- that it was harder to maintain one rate curve than another -- was without any basis in fact. Until recently, you recall, Mr. Odlin was a director of the Federal Reserve Bank of San Francisco.

As to the 1 1/4 issue there is some difference of opinion. The people on the West Coast and New York prefer a fixed maturity of 5 or 6 years, as against a 5 - 7 year security. They think that it would be a little more popular. On one point the chairman are unanimous, however, that is that the 1 1/4 bond should be priced so that it would carry 6/22 or 6/29 premium in this market. Anything lower would be too thin.

I have talked the foregoing over with George Sears and he and I are in full agreement as to how the issues should be priced.

1. I saw Lubin about five o'clock in his office to give him a little of 100 material on reparations. At that time he advised me that, with a few changes, the reparations document which we had been working on had been sent to the President but that he had not as yet heard from the President with respect to it. He said that he was sending the President a note that afternoon urging that he act on it. He said that before sending the document to the President he had discussed it with both Oscar Cox and Bernard Baruch, both of whom had been in fundamental agreement with the document. Lubin told me of the few changes which had been made, all of which were of a minor character. Lubin had added to the memorandum to the President a statement to the effect that if this reparations program were carried through, Germany would be left with industries of a certain type, which he proceeded to list. These included such things as mining of coal, iron ore, potash, etc., ceramics, porcelain, optical apparatus, textiles, printing, photography, construction, clothing, public utilities, transportation, etc. At this point he told me that he had originally included the list of the watch industry which Baruch told him to take out as he felt Germany should not be able to make watches.

Lubin said that he had sent the memorandum to the President without discussing it with the State Department and, if he obtained the approval of the President, he then planned to discuss it with the State Department.

2. I saw Lubin again on Wednesday, March 26, at five o'clock. This time he advised me as follows. The President had sent the reparations memorandum to Stettinicus. Clayton called Lubin over that afternoon and advised Lubin that the document which Lubin had forwarded to the President was the "toughest" document he had ever seen; that it was tougher than any document that had come out of the Treasury. Lubin replied that this was the way he felt and it represented his own ideas on a reparations program for Germany. Clayton then handed to Lubin a document which had been prepared in the State Department, which Lubin showed to me. This document contained a number of general statements in the negative, such as, the reparations program
should not interfere with the program for destroying German war potential; the reparations program should not be designed to develop German heavy industries; the reparations program should not be designed to make it impossible for the German people to feed themselves and require the Allies to support the German people; the reparations program should not be such as to require the United States to make credits available to Germany in order to pay reparations; occupation costs should be distinguished from reparations and occupation costs should have priority, etc. The State Department also recommended the setting up of an advisory body to consult with the military authorities in order to determine what equipment and materials could be moved out of Germany in the initial period without interfering with the purposes of occupation. The State Department also required the Reparations Commission to keep the European Advisory Commission in London advised as to its activities and made the decisions of the Reparations Commission dependent upon the decisions of the European Advisory Commission on the economic disarmament of Germany.

Lubin said that he was going to settle the matter out with State and that unless he got 50 percent of what he wanted he didn't plan to take the assignment. I mentioned to Lubin the fact that a departmental committee had been set up composed of Clayton, White and McCloy, and suggested to Lubin the possibility of requesting that the reparations questions should come before this committee. Lubin said that he would insist that any reparations document should be cleared with this committee and not with State alone.
March 27, 1945

Dear Secretary Morgenthau:

A thousand thanks for your very gracious letter of March twenty-fourth. I appreciate this more than I can say and assure you that we will do our utmost to merit your continued confidence.

With warmest good wishes, I am

Sincerely yours,

[Signature]

George V. Denny, Jr.

Secretary Henry Morgenthau, Jr.
Treasury Department
Washington, D.C.
THE WHITE HOUSE
WASHINGTON

March 27, 1945

Dear Mr. Secretary:

The President wanted you to have a copy of the attached memorandum which he has sent to the Secretary of State.

Very sincerely yours,

Grace G. Tully
Private Secretary

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

Enclosure
MEMORANDUM TO THE SECRETARY OF STATE

March 16, 1945

As the next few months will be of critical importance, I feel it is essential that all Chiefs of Mission remain at their posts. I hope you will bear this in mind in connection with the plans you are drawing up for those who will accompany our Delegates to the San Francisco Conference. I am informing the other members of the Cabinet that I feel it is equally important for them to remain in Washington during this same period.

I should also appreciate it if you, in your capacity as Chairman of the American Delegation to the forthcoming United Nations Conference at San Francisco, would notify the other Delegates that in making plans for advisers and other assistants to accompany our Delegation I shall want them to be guided by the necessity of keeping our official group there to the minimum consistent with the importance of the issues involved. Your aim should be the formation of a compact U. S. group which will put the least possible burden upon already severely taxed transportation and housing facilities in order to ensure appropriate accommodation for the distinguished visitors who will come to this country to attend the Conference.
March 27, 1945

My dear Mr. Secretary:

I wish to express my deep appreciation and that of the Secretary for the useful contribution which Mr. Irving Moskovitz made to the work of the recent Inter-American Conference on Problems of War and Peace. Mr. Moskovitz was active in the discussion of controls on enemy property and looted assets, and generally assisted in the formulation of overall policy.

It was a pleasure to work with Mr. Moskovitz and I wish to thank you for having made his services available to the United States delegation.

Sincerely yours,

[Handwritten signature]

William L. Clayton
Assistant Secretary

The Honorable
Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington, D. C.
March 27, 1945

Jonathan Daniels
The White House

This is the memorandum to the President, together with the covering memorandum to David Viles, which I discussed with you on the phone.

(Signed) William O'Dwyer

(Delivered by hand to Mr. McCormick) 4:50 3/27/45
March 27, 1945

MEMORANDUM FOR THE PRESIDENT

On February 22, 1945, the War Refugee Board approved a specific program to (1) bring relief to civilian detainees in Germany in imminent danger of death due to starvation, exposure and deliberate neglect and (2) to remove as many as possible of these people to safety. The exposure and danger to these people increased as a result of conditions inside Germany. The Board has pushed ahead on this program and important results have been obtained in the last few days.

The War Refugee Board, as you know, has shipped several hundred thousand three-kilo parcels from this country to stockpiles in Sweden and Switzerland for delivery by the International Red Cross to civilian detainees, regardless of race, religion or nationality, in German concentration camps. Our best information indicates that the largest concentrations of these people are now in the north of Germany around Hamburg and in the south of Germany near Dachau. There are millions of civilian detainees still under German control and a relatively small number (about 200,000 or 300,000) are Jews.

In recent months, because of disrupted transportation conditions inside Germany, no deliveries of War Refugee Board food parcels have been made.

Recently, as a result of arrangements made between the Board and the International Red Cross, War Refugee Board food packages will go forward on trucks obtained by the Board. These packages are destined for the sick, the disabled, women and children, who, because of their unimportance to the enemy's war program, are in the greatest danger from starvation and exposure.

Regraded Unclassified
Our latest cables from the field report the following developments:

1. The bottleneck on the delivery of War Refugee Board food packages has been broken. Within the last few days, 20,000 parcels have left Gotenburg, Sweden, and 6,000 have left Switzerland for enemy territory.

2. The Board's representative in Bern has rented from a private concern in Switzerland six 12-ton tanks which will be available within the next few days. The U.N.C.A. has agreed to turn over 12 wood-burning trucks now in Germany to the International Red Cross for relief delivery work.

3. With the approval of the Secretary of War, arrangements are now under way with General Eisenhower for the acquisition by the Board of gasoline, tires and trucks to be turned over to the International Red Cross for War Refugee Board operations.

4. Arrangements are being made by the International Red Cross to station personnel in the concentration camps to supervise the distribution of relief parcels.

In addition to the War Refugee Board parcels already in Switzerland and Sweden, the Board is completing arrangements for the procurement of an additional 500,000 packages for early shipment abroad.

It is to be understood that the War Refugee Board feeding program is independent of the delivery of parcels of war food packages, but it is planned that all trucks operated by the International Red Cross for the delivery of relief in German territory will be utilized to evacuate physically unfit civilian detainees to safety.

UNRRA has agreed to furnish to the International Red Cross, at the request of the War Refugee Board, relief supplies for the maintenance of refugees removed to safety and who are in transit to UNRRA-controlled camps.

(Signed) William O'Deyer
Executive Director
Our latest cables from the field report the following developments:

1. The bottleneck on the delivery of war refugee food packages has been broken. Within the last few days, 25,000 parcels have left Goteborg, Sweden, and 6,000 have left Switzerland for enemy territory.

2. The Board's representative in Bern has rented a private concern in Switzerland six 16-ton trucks which will be available within the next few days. The Y.M.C.A. has agreed to turn over 12 wood-burning trucks now in Germany to the International Red Cross for relief delivery work.

3. With the approval of the Secretary of War, arrangements are now under way with General Eisenhower for the acquisition by the Board of gasoline, tires, and trucks to be turned over to the International Red Cross for war refugee board operations.

4. Arrangements are being made by the International Red Cross to station personnel in the concentration camps to supervise the distribution of relief parcels.

In addition to the war refugee Board parcels already in Switzerland and Sweden, the Board is making arrangements for the procurement of an additional 500,000 packages for early shipment to war areas.

It is to be understood that the war refugee feeding program is independent of the delivery of prisoner of war food packages, but it is planned that all trucks operated by the International Red Cross for the delivery of relief in German territory will be utilized to evacuate physically unfit civilians to safety.

UNRRA has agreed to furnish to the International Red Cross, at the request of the war refugee Board, relief supplies for the maintenance of refugees removed to safety and who are in transit to UNRRA-controlled camps.

(Signed) William O'Dwyer
Executive Director
EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD
WASHINGTON D.C.

MAR 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 March 12 to 17, 1945.

Very truly yours,

William O'Dwyer
Executive Director

The Honorable,
The Secretary of the Treasury.

Enclosure.

Report of the War Refugee Board for the Week of March 12 to 17, 1945

EVA CATION AND RELIEF OPERATIONS IN ENEMY TERRITORY FROM BURGAND

Details of the program being developed for providing relief to physically unfit unassimilated detainees in enemy territory and for evacuating such detainees to Switzerland were cabled to Representative Mann in London, who has been ordered to Paris to work out with McClelland and Katzki certain problems incident to the execution of the program.

Representative McClelland recently reported that early this month the International Red Cross was informed by the German Government of its agreement to permit the departure from Germany of certain categories of detainees unsuited for labor, elderly people, women, and children. A report which reached us this week from a private source similarly indicated that Germany has agreed in principle to "repatriate" certain categories of unemployed civilian populations. According to another report, it appears that a group of Bergen Belsen inmates have been transferred to an internment camp at Wursach near the Swiss border.

Interested groups here have made available in Switzerland the necessary funds to sponsor a program of relief for Luxembourg deportees in Germany in connection with which the International Red Cross recently expressed its willingness to assist.

EVA CATIONS FROM SWITZERLAND

According to information which the Intergovernmental Committee recently received, the number of Hungarian refugees now in Switzerland is 2,000; including many doctors, lawyers, and nurses. Most of them are said to have adequate financial means of their own, and almost all of them wish to return to Hungary. It is indicated that their repatriation can be effected at an earlier date than anticipated, since they would otherwise have to remain in Switzerland until such time as a direct route to Hungary is open.

On the basis of information developed in connection with arrangements for the removal from Switzerland of the two groups of evacuees from Bergen Belsen and Theresienstadt,
it is expected that other parties of refugees who may reach Switzerland will be composed of two distinct groups: first, those who wish to return to their own countries, and second, those who wish to go elsewhere. Accordingly, the Intergovernmental Committee has recommended that, as a matter of practical policy, subject to the agreement of the Swiss Government, the removal of the individuals concerned as regards repatriation be investigated before decisions are reached with respect to their removal from Switzerland, and that those who wish to be repatriated and whose repatriation would not be expedited by their transfer from that country be allowed to remain in Switzerland.

From a private source we learned that the Czechoslovak Government may be approached with a request that it give a guarantee for the repatriation of over 90 Czechoslovak nationals among the evacuees from Theresienstadt, similar to the guarantee of the Dutch Government with respect to Dutch nationals included in the group.

With respect to the pending evacuation of the 1,672 refugees from Bergen-Belsen and 760 of the 1,310 from Theresienstadt, the United Nations Relief and Rehabilitation Administration has asked to be notified as to the date of their departure from Switzerland as far in advance of the actual evacuation as possible. We cabled this request to Representative McLellan and asked him to obtain and forward data requested by UNRRA as to the composition of the groups with respect to nationality (declared or otherwise) or, if stateless, former nationality; age, sex, and physical condition; and documentation.

We were informed by Representative McLellan that three persons among the recent exchanges who were hospitalized in Switzerland have now recovered sufficiently to travel. He was requested by cable to arrange for the inclusion of these three persons in the evacuation of the two refugee groups, unless their immediate departure for Philippineville can be arranged through private agency facilities in Switzerland.

RESCUE AND RELIEF OPERATIONS FROM SWEDEN

Following Representative Olsen's strong recommendation that arrangements be made to continue the rescue and relief operations in Norway in view of the increasingly critical situation there, the Board is sending every assistance to the efforts of the interested private groups to obtain additional funds to finance the program. In the meantime, it is arranging to make Board funds available for immediate needs of the project.

To assist in the proposed expansion of the parcel program for Bergen-Belsen detainees by shipments of food, medical, and clothing supplies from Sweden at an aggregate cost of 1,000,000 kroner, the Board, together with other interested government agencies, cabled our Embassy in London requesting urgent approval from the Joint Relief Subcommittee so that procurement and shipment can be begun as soon as possible. We advised Minister Johnson and Representative Olsen of this action and of the arrangements which have been made for financing the program.

LATIN-AMERICAN PASSPORTS

With respect to 187 Ecuadoran passport holders interned at Bergen-Belsen, we were advised by our Embassy in Quito that, in view of the agreement of this Government regarding such passports, the Swiss Government, as representative of Ecuadoran interests in Germany, has been requested to designate a Swiss consular officer to extend for one year the validity of the passports in question.

William O'Dwyer
Executive Director
CABIN TO JOHNSON, STOCKHOLM, FOR CABLE FROM AMB. REPUBLIC BOARD

Repeated below is a portion of a telegram received from RUMIS.

ENCLOSED, Bern, re RUMI's stockpile food parcels in Zentury.

"On March 10 according to my approval ICRC Geneva wired their Zentury camp authorizing him turnover 40,000 parcels to RUMI. In interest of getting as many 25th parcels into Germany as rapidly as possible this appeared to me recommendable move of which I hope you approve."

You are requested: (1) to make clear to RUMI's Zentury that these supplies are property of ICRC; and (2) to make this transfer to either Swedish Red Cross or TICA as opposed RUMI since former are in a position to effect actual deliveries internes Bergen-Belsen.

THIS IS RUMI STOCKHOLM NO. 340

2340 p.m.
March 27, 1945

Born

Rated March 27, 1945

Rec'd 2:15 a.m., 28th

Secretary of State,
Washington,

1804, March 27, 1 p.m.

STRICTLY CONFIDENTIAL

FOR DEPARTMENT AND WSB

For Dy. Naima Goldfarb, World Jewish Congress, 1934
Broadway, New York.

From Naima, Geneva.

In a report to various national Red Cross representatives including myself at ICRC headquarters President Burkhardt gave account his recent conversations with two high officials of German political police in Zurich and with representatives German Ministry Foreign Affairs in Warsaw and Swiss Government. ICRC obtained right to have permanent delegates in all camps for civil detainees on condition that they will remain camp till end hostilities and will follow transfer camps to new areas. Delegates will work individually all detainees and correspond closely with ICRC delegates Berlin. Camps will be established according nationality of detainees. Jews will be assembled with their respective camps in accordance nationality. For stateless people ICRC envisages special camps. Special ICRC regional delegates will deal with detainees working in special camps. ICRC saw preparing collaboration with Swiss Army detachments especially physicians and sanitary personnel to be sent quickly German term. Burkhardt warned that view recent war developments aggregates camps according nationalities will not be quickly achieved. Concerning food situation for war prisoners and aliens ICRC informed that three centers of distribution will be established today in Hamburg and Berlin. View activity for camps within range 300 kilometers. Special political freedom will go from Swiss frontier and 200 trucks stationed. Hamburg will be center for feeding camps civil detainees. At present 14 trucks are disposed for civil detainees, this number of trucks absolutely
Inadequate. Problem evaluation of civilian exchanges or exchange basis was discussed with German representatives. Definite answer still pending. It is envisaged to evacuate through Switzerland ascending categories and not paroled but by nationality women aged people children. Are limited not yet fired. Germans made as reserve to political or racial categories to include into these exchanges but still themselves indicate camp nationality to host with. If exchange scheme starts black trains and trucks will be used as means of transportation to Switzerland. After gathering的想法 declared as personally German political police officials assure no CDS will have large possibilities deal near Jewish categories. Overholtz declared as could not obtain any accurate information concerning German attitude toward Axis's action. By personal impression is that realization discussed plans nearly already problematic because recent war developments and that first category probably French Belgic who might be exchanged against Germans of Allied occupied Germany.

KJF

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Stockholm
DATE: March 27, 1945
SECRET

CONFIDENTIAL

At various times since 1943, the situation at Shanghai of a group of Jewish scholars exercising the staff and student body of the Mandelstam College of Art has been brought forcibly to the attention of the Department by the Vatican and by the Union of Orthodox Rabbis and other Jewish organizations. It is stated that this group comprises the only surviving center of orthodox Jewish learning, and, in view of the possible approach of active warfare to the Shanghai area and the increased measures of restriction applied by the Japanese against this group and enemy aliens in general in that area, the concern of religious and learned circles for its welfare and safety has recently been renewed.

Information has been conveyed to the Department that the Orthodox Rabbis in Sweden have obtained either a definite commitment or some form of encouragement which leads them to believe that the Japanese Government would be willing to permit the entire group to leave the territory under its control for a neutral destination; these arrangements were made by direct communication with the Japanese diplomatic mission in Sweden. It is the further understanding of the Department that willingness to admit the entire group into its territory has been shown by the Swedish Government.

If this Government were formally to express to the Japanese any interest in the group in question, explanation has been given to the Union of Orthodox Rabbis in this country that it would probably prejudice such assurance of success as has been obtained in the negotiations between their colleagues in Sweden and the Japanese. However, in an effort to secure the group from its present hazardous situation, the Department would like to express any action which may be possible to take.

It is requested that you try to ascertain the exact nature and extent of the negotiations between the Orthodox Rabbis in Sweden and the Japanese diplomatic mission, including the extent to which commitments have been made by the Japanese, ascertainment as to whether the Japanese expect any such action for the release of the group would be useful, as this point has not been clarified.
It might be desirable, if in your opinion and that of the Union of Orthodox Rabbis in Sweden the situation warrants it, for you and then separately to approach the Swedish Government with the suggestion that the Swedish Government undertake to ascertain from the Soviet Government whether the latter is willing, in view of the important cultural aspect of the problem and the insistence of the Japanese Government that the entire group if released must move to a neutral territory, to authorize the transit of the group to Sweden across Soviet territory. Association of the United States Government with the Swedish Government in any negotiations which the latter might undertake with the Japanese Government or the Soviet Government would not seem feasible.

It is requested that the Department be kept advised.

GROW
(Acting)
Regraded Unclassified

US Urgent

CAME TO AMERICAN EMBASSY, PARIS, FOR ROSSMILL McCLELLAND FROM WAR REFUGE BOARD

Re your 1736 of March 24 from Bern

We have today called WIBS's Gleas in Stockholm as follows:

"Repeated below is a portion of a telegram received from WIBS McClelland, Bern, re WIBS's stockpile food parcels in Gotteborg:

"On March 16 accordingly with my approval WIBS

Denowa wired their Gotteborg man authorizing him
turnover 40,000 parcels to SFO. In interest of
getting as many WIBS parcels into Germany as rapidly
as possible this appeared to me recommendable move
of which I hope you approve."

"You are requested: (1) to make clear to SFO's

Stock that these parcels are property of WIBS and
(2) to make this transfer to either Swedish Red Cross
or WICA as opposed SFO since former are in a position
to effect actual deliveries internes Ingenious"

In future in making parts of these supplies available to
distributors other than WIBS, it is suggested that they be made
available to such agencies as can actually effect delivery as
opposed agencies who cannot directly do so.

12:00 p.m.
March 27, 1945

Regraded Unclassified
PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN EMBASSY, CHUNGKING via Navy
TO: Secretary of State, Washington
DATED: March 27, 1946
NUMBER: 019

SECRET

The following message is from Adler to Secretary of Treasury.

In order to participate in discussion of plans to combat the inflation, Dr. T. V. Soong has asked me to accompany him to Washington the first part of April for a few weeks.
In addition he has asked General Olmstead and Byrner of FEA to return and for the same purpose is taking Wei with him.
I feel it is advisable—and General Olmstead agrees—for me to return to Washington for a short while, since I am participating in present discussions with him on the matter and as there is no other urgent business here.

ATTACHMENT

DC/L: MG
S-28-46
Field
Lissabon
Dated March 27, 1945
Rec'd 2:17 a.m., 28th

Secretary of State
Washington

664, Twenty-seventh
W.I. 309, J.D. 2005, FOR LEAVITT FROM HARRIS TRAIN.

Our L38. Issak H enthusiastic Basel requests 30,000 Swiss
francs be paid attorney Albert Haag through Henschelstrasse
44, connection settlement debts. Requesting further in-
formation. Will advise.

CROCKETT

MB-1653
Distribution of true reading only by special
arrangement. (SECRET) Dated March 27, 1945
Rec'd 2:40 a.m., 29th

Secretary of State,
Washington.

US URGENT
1663, March 27, 6 p.m.
FOR CENTER FROM HANN MOELLAND AND KATZIK.

We had second conference with General Gilland
today again emphasizing points discussed March 25
with McCulland providing additional details. General
Gilland emphasized mounting army transportation re-
quibitions arising from recent advances, final decision
delayed for this reason. We are continuing to insist
on line discussed with Betski underlining urgency
and immediacy of situation. Gilland has promised
answer March 28. McCulland advised you from Switzerland
regarding prospects for securing transportation.

CROCKETT
SECRET

OPTEL No. 99

Information received up to 10 a.m., 27th March, 1945.

N-A-V-Y

1. **Norwegian Waters.** 19th. One of H.M. Submarines probably sank cargo ship in escorted convoy north Trondheim.

2. **Minelaying Attacks on Shipping.** 26th. A 362 ton Dutch ship in coastal convoy sunk by U-boat off The Lizard, while a 1556 ton ship in coastal convoy sunk by midget off Margate.

3. **Anti-Submarine Operations.** 26th. One of H.M. Frigates sunk U-boat off The Lizard, One of H.M. Corvettes sank midget off Lowestoft and sustained damage in ramming.

M-I-L-I-T-A-R-Y

4. **Western Front.** Southern Sector: 7th U.S. Army established several crossings over Rhine on wide front between Mannheim and Gersheim. 3rd U.S. Army thrusting eastward cleared Langen and reached outskirts Frankfurt and 'Haus while south of Coblenz further crossings over Rhine secured in area St. Goar and Roppard. Central Sector: 1st U.S. Army broke out of Remagen bridgehead and with armoured forces thrusting eastwards has reached Limburg. Northern Sector: 9th U.S. and 2nd British Armies expanded bridgehead area up to 3 miles east Duislaken and west while Dunke, Burnen and Billing make clear.

5. **Eastern Front.** Northern Sector: S.E. Kongsberg German forces on shores of Frisches Haff now liquidated and large number prisoners taken while further west reduction Danzig Pocket continues. Central Sector: Germans claim repulse of Russian attacks near Stettin and Kustrin and also defensive fighting in area south Oder.

6. **Balkans.** Central Sector: An infantry brigade operating east from Maleza has established block on railway north Thess. On 23rd troops north of Nyingyan repulsed counter attack while further north our troops occupied village of Kabawub (west Nyitra). Northern Sector: Further five mile advance made S.E. Mongol, while further east contact between 20th and 50th Chinese Divisions now firmly established in area West Baiow with read Lashin-Baiow now in our hands.

A-I-R

7. **Western Front.** 26th. 330 U.S. escorted heavy bombers (17 bombers and 9 fighters outstanding) visually attacked tank plant Flak (656 tons), synthetic oil plant Geitel and four other targets (122 tons). S.K.A.P. (Air) Bombers 359 dropped over 500 tons on transport in Rees area and three railway centres East Frankfurt while 4028 fighters and lighter bombers (16 missing) operated whole front destroying over 600 H.1. mainly in Remagen/Coblenz area. Coastal Command Halifax's attacked shipping Skagerrak leaving one 1500 ton ship and 2 escort on fire. 26th/27th (night). Bomber Command despatched 63 Mosquitoes (without loss) 86 Berlin and 9 other targets.

8. **Mediterranean.** 24/25th (night). Heavy bombers attacked rail centres (138 tons) Debowa (16 miles N.W. Zagreb) while 131 light bombers attacked communications Italy. 28th. 330 U.S. escorted heavy bombers (2 missing) attacked Liban engineering works (136 tons) and four airfields Austria and Czechoslovakia (1024 tons) while 1004 tactical aircraft (6 missing) attacked communications and dumps North Italy and South Austria.

9. **Balkans.** 24th. 73 Liberators attacked Burma/Siam railway and the Moulmein area while 396 tactical aircraft attacked communications and other targets.

H-O-M-E S-E-C-U-R-I-T-Y

10. **Living Bombs.** 26th/27th (night). 7 plotted.

11. **Incidents.** 26th. 3 incidents reported. 26th/27th (night). 7 incidents reported.
March 23, 1945

Dear Henry:

The plan you outline in your letter of March twenty-third is laudable in purpose but I find it difficult to know just what to say. The people of the country are going to need information on the German economy.

The spirit of the Nation must be given articulate expression. But it's not so easy to say when the Nation will or can speak. Timing will be of the very essence. We must all remember Job's lament that his enemy had not written a book.

Anyway, we'll have to keep thinking about it.

Always sincerely,

[Signature]

Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington, D. C.
TO THE SECRETARY:

Re: The maturities of the securities offered in the Seventh War Loan basket.

As requested, I am enclosing a memorandum from Ted Gamble embodying his as well as the opinion of some of the State Chairmen concerning the maturities. I am also enclosing a telegram from Bob House, giving the general opinion of the dealers whom he consulted yesterday morning and this morning; also telegram from Allan Sproul as Vice Chairman of the Executive Committee of the Federal Open Market Committee, giving his views; and telegrams from nine of the Presidents of the Federal Reserve Banks. We have not yet heard from Chicago and San Francisco. I have no doubt that they would be along the general lines of the discussion in Washington as embodied in their report to you dated March 1, 1945, copy of which is also enclosed.

1-1/2% Bonds

There is a strong feeling in the Federal Reserve System that this security should be priced right on the line in order to discourage bank participation. I agree with you that it should be priced so as to have a slight premium. For this reason I recommend a 4-3/4 to 6-3/8 year bond, which, according to George Hasen's chart, would sell on a basis of about 7/32 premium.

There is a feeling in the Street that a short bond of this character with a call date would not be very popular and would not be purchased at all by trust funds. There is a definite recommendation from a great many sources that we have a definite maturity. It seems to me that we might give some consideration to this suggestion because I do not see how the amount of this issue can possibly be very large, $2-1/2 to $3 billion would seem to me about the limit unless there is a great deal more bank participation than we now expect.
When talking to Mr. Hanes this afternoon, I thought the 5 years 9 months which he estimates will sell at 7/32 premium, would be about right. However, since then I have talked to Bob House and he has advised me that Kepp, Levy, and Devine all feel that anything over 1-1/2 years would be too thin. I do not believe that three months in this area means enough to us to take much of a chance and I see no reason why we should not accept the expert opinion of these four market people. Even if Mr. Hanes' estimate is correct, this three months suggested shorter maturity would not sell at more than 9/32 or 10/32 premium.

2-1/4% bonds

Mr. Eccles, in his letter to me of March 9, 1938, made this statement:

"It is our understanding that the System is committed to maintain a pattern of rates of 2-1/2% on long term bonds. Originally this rate applied to 20-25 year bonds. It appears that the proposal to extend the maturities on both the 2-1/4% and the 2-1/2% bonds is part of an effort to bring about a decline in long term rates. If this were accomplished it would reduce the incentive to save at a time when the Treasury's policy is to encourage saving as a part of the fight against inflation." (Underlining supplied.)

Harriner called me right after this letter came and said he was opposed to fixing the maturity of the 2-1/4% bond beyond 1961 and said that if the Treasury had in mind extending this bond beyond 1961 and the long 2-1/2% bond beyond 1972, he would like to have another conference with the Treasury regarding the System's commitment to maintain the pattern of rates.

Personally, I think it is very unfortunate that the market has gotten out of line with the pattern of rates. It seems to me we have done very well in financing this war on the low rates that we have, and that we should be satisfied with the pattern fixed almost three years ago. However, the market has gotten out of line with that pattern and it is probably necessary to take advantage of some of the lowering of rates. I do not feel that we should go as far as Mr. Hanes recommends because this would make it necessary for the System to support the high premium now existing on our outstanding securities in order to maintain the new issues at par. I firmly believe that we should allow a substantial let down by pricing these longer term securities in such a way as to command a rather large premium after the drive is over.

Mr. Eccles and Mr. Jarroll feel rather strongly that the 2-1/4% should be March 15, 1958-61, which, according to Mr. Hanes, would sell on the market at 101-11/32. This, of course, probably would not sell at this premium but it would bring the market for the outstanding securities down by a substantial part of this premium. I recommend that the 2-1/4% bond be fixed at June 15, 1959-62, which, according to Mr. Hanes' chart, would command 23/32 premium, and I would not object to making it March 15, 1959-62, which would just be one year longer than recommended by the Executive Committee. I believe that I can sell this to the Federal Reserve System.

2-1/2% bonds

We have the same situation with regard to pricing this one as we have with respect to the 2-1/4%. I feel that we should not go too far out and take advantage of all of this recent rise in the market. It has gone up on a very small volume of transactions. Bob House tells me there has been an average of only $16 million a day, including sales between dealers, for the past month or so. We do not know just what will happen if there should be
a sudden end of the war on any one front.

When we first started to consider the maturity for this security, I was hoping that we could get an eight-year call period, but in view of the fact that all of the Federals recommend against it and ask for a five-year period, I see no reason why we should hold out for an eight-year period. It really does not make a lot of difference to us because a five-year period is ample time for us to turn around in and then, too, we have not been adding to these maturities as we did in the past and there is not any large volume on any one date. So I am prepared to accept the five-year period. My recommendation for the maturity is June 15, 1967-72, which, according to Mr. Haas’ figures, will command a premium of 22/32.

Just before Mr. Eccles left I talked to him on the telephone and while he said he would prefer the September 15, 1966-71, he would be willing to go to March 15, 1967-72 in order to get away from the year that we used in the Sixth Drive. Here again, three months does not make much difference and if they would insist on March 15 I think I would accept it, but I do believe I can sell then the June 15, 1967-72.

\[\text{signature}\]

Possible Issues for Seventh War Loan

<table>
<thead>
<tr>
<th>Security</th>
<th>Term</th>
<th>Estimated yield (1/)</th>
<th>Approximate market price (1/)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Percent)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-1/2% bond, due 7/15/51</td>
<td>4 yrs. 9 mos.</td>
<td>1.45</td>
<td>100- 7/32</td>
</tr>
<tr>
<td>1-1/2% bond, due 3/15/50-52</td>
<td>4 yrs. 9 mos.</td>
<td>1.45</td>
<td>100- 7/32</td>
</tr>
<tr>
<td>2-1/4% bond, due 6/15/59-62</td>
<td>15 yrs. - 17 yrs.</td>
<td>2.19</td>
<td>100-83/32</td>
</tr>
<tr>
<td>2-1/4% bond, due 6/15/60-63</td>
<td>15 yrs. - 18 yrs.</td>
<td>2.23</td>
<td>100-86/32</td>
</tr>
<tr>
<td>2-1/2% bond, due 6/15/67-72</td>
<td>22 yrs. - 27 yrs.</td>
<td>2.46</td>
<td>100-106/32</td>
</tr>
<tr>
<td>2-1/2% bond, due 6/15/67-75</td>
<td>22 yrs. - 30 yrs.</td>
<td>2.46</td>
<td>100-114/32</td>
</tr>
</tbody>
</table>

Division of Research and Statistics, Office of the Secretary. March 28, 1945.

\(1/\) Estimated prices and yields on June 1, 1945, based on closing bid prices, March 27, 1945.
Possible Issues for Seventh War Loan
(Estimated prices and yields June 1, 1945, based on closing bid prices March 27, 1945)

<table>
<thead>
<tr>
<th>Security</th>
<th>Term</th>
<th>Research and Statistics</th>
<th>Pizer</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Estimated yield (Percent)</td>
<td>Approximate market price</td>
</tr>
<tr>
<td>1-1/2% bond, due 12/15/60#</td>
<td>4 yrs. 6 mos.</td>
<td>1.43</td>
<td>100-12/32</td>
</tr>
<tr>
<td>1-1/2% bond, due 12/15/61#</td>
<td>5 yrs. 6 mos.</td>
<td>1.42</td>
<td>100-11/32</td>
</tr>
<tr>
<td>1-1/2% bond, due 12/15/62#</td>
<td>6 yrs. 6 mos.</td>
<td>1.41</td>
<td>100-9/32</td>
</tr>
<tr>
<td>1-1/2% bond, due 12/15/63#</td>
<td>7 yrs. 6 mos.</td>
<td>1.39</td>
<td>100-7/32</td>
</tr>
<tr>
<td>2-1/4% bond, due 3/15/64#</td>
<td>8 yrs. 6 mos.</td>
<td>1.37</td>
<td>100-4/32</td>
</tr>
<tr>
<td>2-1/4% bond, due 3/15/65#</td>
<td>9 yrs. 6 mos.</td>
<td>1.35</td>
<td>100-2/32</td>
</tr>
<tr>
<td>2-1/4% bond, due 3/15/66#</td>
<td>10 yrs. 6 mos.</td>
<td>1.33</td>
<td>100-1/32</td>
</tr>
<tr>
<td>2-1/4% bond, due 3/15/67#</td>
<td>11 yrs. 6 mos.</td>
<td>1.30</td>
<td>100-1/32</td>
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<tr>
<td>2-1/4% bond, due 3/15/68#</td>
<td>12 yrs. 6 mos.</td>
<td>1.27</td>
<td>100-1/32</td>
</tr>
<tr>
<td>2-1/4% bond, due 3/15/69#</td>
<td>13 yrs. 6 mos.</td>
<td>1.24</td>
<td>100-1/32</td>
</tr>
<tr>
<td>2-1/4% bond, due 3/15/70#</td>
<td>14 yrs. 6 mos.</td>
<td>1.21</td>
<td>100-1/32</td>
</tr>
<tr>
<td>2-1/4% bond, due 3/15/71#</td>
<td>15 yrs. 6 mos.</td>
<td>1.18</td>
<td>100-1/32</td>
</tr>
<tr>
<td>2-1/4% bond, due 3/15/72#</td>
<td>16 yrs. 6 mos.</td>
<td>1.15</td>
<td>100-1/32</td>
</tr>
<tr>
<td>2-1/4% bond, due 3/15/73#</td>
<td>17 yrs. 6 mos.</td>
<td>1.12</td>
<td>100-1/32</td>
</tr>
<tr>
<td>2-1/4% bond, due 3/15/74#</td>
<td>18 yrs. 6 mos.</td>
<td>1.09</td>
<td>100-1/32</td>
</tr>
<tr>
<td>2-1/4% bond, due 3/15/75#</td>
<td>19 yrs. 6 mos.</td>
<td>1.06</td>
<td>100-1/32</td>
</tr>
<tr>
<td>2-1/4% bond, due 3/15/76#</td>
<td>20 yrs. 6 mos.</td>
<td>1.03</td>
<td>100-1/32</td>
</tr>
</tbody>
</table>

Division of Research and Statistics,
Office of the Secretary.

* Preferred by Mr. Pizer.
* Preferred by Mr. Miller.

March 28, 1945.
TO  Secretary Morgenthau  
FROM  Mr. Laxford  

You inquired about the status of the Mary Margaret McBride broadcast.

After our discussion with you Friday night, Feltus called Miss McBride and advised her that you could not make the broadcast on March 27th and that you would not be in town on the other date suggested, i.e. April 6th. The matter was left that Feltus would get in touch with her when he had more definite information regarding your schedule.

Accordingly, the next move is ours. If possible, I would suggest that you set the approximate date in terms of a specific week. Then Miss McBride can have a little leeway in her negotiations for network time.

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

My dear Mr. Morgenthau:

You may be interested in the attached radiotelephone message #290, dated March 27, 1945. It was received last night from our representative in Berne.

Respectfully yours,  

Enclosure  

E. J. Putzel, Jr.  
Lt. (jg), USNR  
Acting Executive Officer  

Regarded Unclassified
the best German troops are still fighting the Russians east of Vienna. The pattern of the last German defense tends to take shape. The forces which are defending the Rhine and Berlin are very possibly being sacrificed to gain a few weeks more for the gathering together of the chosen forces in the rear.

It is not yet clear whether the SS will act as a unit in accepting the idea of retiring to the rear. There may well be a split in their ranks. The same is true of the Wehrmacht. Some of the latter would obey any order from Hitler, but others may well try to find other methods of preserving their lives for some time longer.
The Honorable
The Secretary of the Treasury
Washington, D.C.

Dear Mr. Secretary:

Thank you for your letter of March 17th, with respect to exports of gold to China. I greatly appreciate your obtaining facilities for the export of some $7 million of gold during the next few months. I hope this action will meet the situation with respect to our tin procurement program. If we encounter further difficulties I will get in touch with you again.

Sincerely yours,

[Signature]
Leo T. Crowley
Administrator

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE March 28
1945

TO Secretary Morgenthau (For Information)
FROM Mr. Coe

SUBJECT Finnish - Russian Trade Agreement

1. A Finnish - Russian Trade Agreement was concluded on January 31, 1945. The agreement provides for USSR deliveries to Finland by June 1, 1945 totalling about $2 million, consisting mainly of food. In return, Finland will ship metals and cereals and repair Russian naval vessels at Finnish shipyards. It is significant to note that despite severe food stringencies in the USSR, a commitment to make food deliveries to Finland was nonetheless accepted.

2. According to the Swedish and Finnish press, the USSR proposed that Finland be invited to the World Trade Union Congress which was held in London. This suggestion was reportedly opposed by the British. If this report is accurate, it reveals a startling degree of leniency toward the Finns, especially when coupled with such other concessions as food shipments.
To: Mrs. Klotz
From: Miss Hodel

I am sure that Secretary Morgenthau will be interested in seeing the attached cable which has just been received from Sweden.

Secretary of State,
Washington.

US URGENT
1186, March 28, 8 p.m.

As reported in our 876 of March 7, noon to Department (No. 129 for War Refugee Board) Felix Kersten went to Berlin in early March to render certain medical attention to Himmler. Prior to his departure certain individuals here provided him with the memorandum of questions to be raised concerning the status of Jews in Germany. These questions included the following points:

(a) Assurances that food packages to Jews in German concentration camps were actually reaching their destination;

(b) Permission to have future distribution of food packages from Sweden to be supervised by Swedish Red Cross;

(c) Number of Jews recently in Germany, broken down by number and location of each camp and data as to the nationality of such Jews;

(d) Question
-2- #1186, March 29, 6 p.m., from Stockholm.

(D) Question of eight various categories of Jews, such as those with South American passports (presently under negotiation by Swedish Government).

(E) General question of freeing larger groups of Jews against appropriate guarantees of transportation and support.

Kristen has not returned to Stockholm and has presented a rather incredible account of his discussions with Himmler which are presented below without comment.

He stated that at present there are about 350,000 Jews in Germany. He added that 8,000 of them have Palestine visas and probably would be released if Swedish Government took appropriate steps in the matter. He states that Himmler expressed a most sympathetic interest in Jewish problems, mentioning specifically the following:

(A) Himmler was especially interested to know that the 8,700 Jews arrived in Switzerland and whether this group had commented favorably upon the delivery of food packages;

(B) Himmler was receptive to the idea of placing Jews in specially arranged Red Cross camps with the administration completely under the jurisdiction of the Red Cross.

-3- #1186, March 29, 8 p.m., from Stockholm.

(C) Himmler called a meeting of all Jewish camp administrators for March 31 in order to give strict orders for the improved treatment of Jews hereafter. This will include the instruction that each camp leader hereafter will be held strictly accountable for the death of any Jew in his camp and will be required to file a full report of circumstances underlying any such death. Kristen added that, in his presence, Himmler dictated certain orders concerning the necessity of improved sanitary conditions in Jewish concentration camps;

(D) Himmler expressed a willingness to receive at once a special missive from Sweden to discuss with him personally the Jewish problem. This was advanced with particular reference to a stateless Jew of Latvian origin (Storch, local representative of World Jewish Congress) who has been Ignatiev's intermediary in several contacts of similar nature; and

(E) Emphasis was placed on the unfortunate results in case those discussions were used by the Allies as propaganda to portray German weakness. It was added that because of the delicate nature of the discussions as well as rather well-known mixed feelings in Germany with respect to Jews, the entire matter must urgently must be handled with the
with the greatest discretion.

Kosten has made available two extraordinary documents. The first, on official SS stationery and purportedly signed by Himmler, reads as follows in translation:

"Dear Mr. Kosten, First of all please accept with these lines my thanks for your visit. This time, as always, I have been glad when you came and with old friendship placed your great medical skill at my disposal.

During the long years of our acquaintanceship we have indeed discussed many problems and your attitude was always that of the physician, remote from all politics, desiring the good of the individual human being and of humanity as a whole.

You will be interested to know that during the course of the past three months I have brought about the realization of an idea which we once discussed. Roughly 8,700 Jewish men, women and children were taken to Switzerland in two trains. This is in effect the continuation of the policy which my collaborators and I have consistently pursued for many years until the war and the resulting folly in the world made it impossible to carry it out.

You know, of course, that I in the years 1936, '37, '38, '39, and '40,
- S- #186, March 20, 8 p.m., from Stockholm.

whenever it is at all possible, shall decide them generously.

With my hearty greetings to your respected dear wife, to your children and especially to you, with old attachment, your [signed] H. Himler.

The second, also on SS Headquarters stationary and signed by Himler's adjutant, H. Brandt, reads in part (in translation) as follows:

"Worthy and Dear Mr Kristen, I can give you the very welcome news that the Reichsfuhrer-SS intends to fulfill the requests which you expressed a few days ago."

I am forwarding photostatic copies of the documents in question under secret dispatch. The question of continuing indirect contacts of this nature is one regarding which I, as heretofore, would appreciate urgent instructions from the Department and War Refugee Board since Gelsen and I are in agreement that such discussions are not without danger. In the past the principal merit of these discussions has been the time-gaining factor but the tempo of the war as well as the level to which this approach has reached suggest strongly that a basic policy and appropriate instructions are now most urgent. There is also

-7- #186, March 20, 8 p.m., from Stockholm.

is also the question of whether Storch should be permitted to go to Berlin. We are of the opinion based on our personal knowledge of Storch's capabilities that it would be most unwise for him to go unless accompanied by a top-flight neutral thoroughly conversant with these problems who could dominate the discussions. This is apart from the over-all question of whether any such discussions should be held at all.

JOHNSON

JT
Washington, D.C., March 20, 1946

Secretary of State

According to report from the Government of the Argentine, the extension of the cordon around the death camp at Auschwitz has been increased. The camp is reported to be in a state of virtual isolation.

The following information has been received:

Auschwitz:

The camp is reported to be in a state of virtual isolation.

Washington, D.C., March 20, 1946

Secretary of State

According to report from the Government of the Argentine, the extension of the cordon around the death camp at Auschwitz has been increased. The camp is reported to be in a state of virtual isolation.

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The following information has been received:

Auschwitz:

The camp is reported to be in a state of virtual isolation.
London

Dated March 29, 1945
Rec'd 11:28 p.m.

Secretary of State,
Washington.

SSY, March 29, 6 p.m.

FOR VBB

Selmanovitch of World Jewish Congress London has recently returned from mission to Sweden regarding rescue measures. He reports that negotiations are continuing for the release of Jews; that there might arise the question of compensation by delivering blankets and clothing to be used by civilians from Germany. He describes the amount of clothing as not available. He states that such clothing delivery might be regarded as advanced relief to German civilian population claiming that Allies will take care of such population after occupation of Germany. He suggests that should Allies agree to such compensation, use could be made of clothing which was permitted to be sent to Sweden for Jewish internees. He adds that Swedish circles expect detailed offer regarding compensation in near future.

Selmanovitch states further that Count Bernadotte succeeded in obtaining German approval for establishment of special camp for Danish and Norwegian civilian internees under protection and administration of Swedish Red Cross which delivers medicine and food and that Swedish buses and personnel are already operating in Germany concentrating at camp Danish and Norwegian civilian internees from all parts of Germany. He requests that similar proposal regarding Jews be made immediately to Germany through neutral governments and intercessors stating that Swedish Government and Swedish Red Cross are willing to cooperate in the plan. He believes that Swedish buses in Germany could be made available and suggests that two areas, one near Lubec and one near the Swiss frontier, should be designated for Swedish protected Jewish camps. He asks that the establishment of Jewish protection areas under protection of Swedish or intercessors be taken into consideration during probable negotiations by SHAEF regarding exclusion of certain places from bombing.

Selmanovitch requests that substance of foregoing be transmitted to Nahum Goldmann of World Jewish Congress, New York City.

Foregoing message repeated to Bern for information of UNR representative and of Gerard Ringer 37 Gour Nilson Geneva World Jewish Congress representative.

MJT
March 28, 1945
3 p.m.

AMBASSADOR

PARIS

1011

The following is for Russell McLeod from the Office of War
Refugees Board.

Be your 1794 of March 24 from Bern.

We have today called WNB's Olsen in Stockholm as follows:

"GREN" Repeated below is a portion of a telegram received from WNB's McLeod, Bern, re WNB's stockpile food parcels in Gotenburg:

"INFORMATIONS" On March 18 according with my approval ICRC Geneva wired their Gotenburg concerning his turnover 40,000 parcels to WNB. In interest of getting as many WNB parcels into Germany as rapidly as possible this appeared to me recommendable move of which I hope you approve. END INFORMATION.

You are requested: (1) to make clear to WNB's Bern that these supplies are property of WNB; and (2) to make this transfer to either Swedish Red Cross or NGGA as opposed WNB since farmer are not in a position to effect actual deliveries Interesse Berga-Nälens. UNQUOTE

In future in making moves of these supplies available to distributors other than ICRC, it is suggested that they be made available to such agencies as can actually effect delivery as opposed agencies who cannot directly do so.

GREN (Acting) (GBA)

WNB: DAVIES
3/17/45

Miss Chapman

March 28, 1945
4 p.m.

US UNREST:

AMBLATION

STOCKHOLM

566

The following for Olsen is WNB 340, re WNB's stockpile food parcels in Gotenburg.

"QUOTE" On March 18 according with my approval ICRC Geneva wired their Gotenburg concerning his turnover 40,000 parcels to WNB. In interest of getting as many WNB parcels into Germany as rapidly as possible this appeared to me recommendable move of which I hope you approve. UNQUOTE

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GREN (Acting) (GBA)

WNB: JOHNS
3/17/45
PLAIN

London

Dated March 28, 1946
Rec’d 10:31 a.m., 29th

Secretary of State,

Washington.

Dear Mr. Harriman,

Meeting Executive Committee Inter-governmental Committee on Refugees March 27 and subsequent conferences have made clear great urgency of prompt favorable decision on United States share 1946 ROC administrative and operational expenditures. Several actions programs in readiness and urgently needed are

and must be held in abeyance pending receipt such

decisions. I am conferring again with Chairman

Wintzen April 8 primarily to discuss finances

and another executive committee meeting scheduled

for April 11. Irrespective of method of setting

funds for future I strongly recommend and urge that

prompt possible action be taken as to 1946

commitments. Situation will be most awkward if I

have no favorable word by April 8.

Yours,

[Miss]

OSK-524

Lisbon

Dated March 28, 1946
Rec’d 8:45 a.m., 29th.

Secretary of State,

Washington.

600, Twenty-sixth

WKS 370, JKC 207.

FOR LEAVITT FROM HAROLD TRUM

Further our 199, Frieden concerned non-arrival

medicines. States illness increasing daily. Urge

do all possible expedite shipment, this also

additional amounts requested for Hungary. Please advise.

[Signature]

[Miss]

[U.S.]
Regraded Unclassified

Secretary of State
Washington

XLII, Twenty-eighth
FOR MARK LEAVITT JOINT DISTRIBUTION COMMITTEE
FROM SCHWARTZ.

Please remit budget Greece first quarter $200,000
to Bank of Greece for Comite Centrales des Communes
to Greece, Archer Hulissis, President. View
urgent need here immediate action required. Collect
3/22.

MACYERAI

Regraded Unclassified

Secretary of State
Washington

XLII, March 28, 10 a.m.
TO MARK LEAVITT AMERICAN JOINT DISTRIBUTION
COMMITTEE NEW YORK FROM MARK LEAVITT HULIS.

21. Application for Joseph Schwartz to enter
Bulgaria has been refused by Russians in Sofia. There
has been no decision on application for entry Romania.
Advice from political advisor's office is that you re-
quest Washington make proper representation to Moscow
for Schwartz entry into Bulgaria Romania. This is
particularly important in light many urgent problems
that have arisen these areas. Schwartz now in Athens
expected to return here within fortnight.

EISE

Regraded Unclassified
CASE TO AMERICAN LEGATION, GENEVA, FROM ROCKELLAND, FROM WAR REFUGEE BOARD

Please deliver the following message to Gerhard Kienegger, 37 Quai Wilson, Geneva, from Jacob Robinson of World Jewish Congress:

QUOTE: PLEASE CLOTAIN AND SEND TO ROCKELLAND AS REFUGEE JOSIALADA EN JOVENTOS - BRAFSSET, HILDA-MITO III. UNQUOTE

THIS IS WARRefresh CASE NO. 481.

2:00 p.m.
March 28, 1945
CABLE TO AMERICAN EMBASSY, LEBANON, FROM THE DESK OF MR. ROBERT BURLINGTON.

Please deliver the following message to Mr. Thomas Sharp, Postbox 7006, Stockholm, from Mr. Robert Burlington of World Jewish Congress:

QUOT 40,000 WINDED WOOD PARCELS IN EXCELSIOR BELONG TO UNITED STATES MEN WHICH ARE DESTINED FOR CRIPS AS SOON AS POSSIBLE. TRAFFIC CONGESTION DIFFICULTIES CRY MEASURABLE DELAYS. UNQUOTE

THIS IS THE STOCKHOLM CABLE NO. 342

1:45 P.M.
March 20, 1945

CABLE TO AMERICAN EMBASSY, LEBANON, FROM THE DESK OF MR. ROBERT BURLINGTON.

Please deliver the following message to Mr. Thomas Sharp from Dr. Charles H. Joy of Unitarian Service Committee:

QUOT 260 MEXICO CITY HAS REQUESTED THE NAMES OF FIFTY ENGLISH-SPANISH SPEAKERS. I AM INFORMING THAT YOU HAVE SENT NAMES TO MEXICO ENGLISH IN LONDON. ENGLISH Habersbrook informed that numbers of deportations in over and unobleising process. MEXICO CITY STILL UNCERTAIN. DO NOT REQUEST VISCERA PERSPECTIVES. UNQUOTE NO INCREASE IN MEXICO PERSPECTIVES. LEGALIZED SPANISH CAN BE HELPED BY NOT DISCONNECTED. IF NOT AVAILABLE NOT NOT AVAILABLE. COMPANY CONSULTATIONS HERE AND PLEASE READ INSTRUCTIONS IN CABLE 342 AT ANY COST. LEGEND CAN BE EARNED ONLY BY POSTING MEXICO IN REGULATING GENERAL ACTUAL REPORT. FOR EMBASSY SERVICE IN POSTAL THERE ARE MANY REDUCED IN GERMAN NEED EXISTING IN EUROPE. WE MUST KEEP BERS OF PRESENTATION.

THIS IS THE LEBANON CABLE NO. 162

March 30, 1945

Regraded Unclassified
SECRET

Copy No. 100

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

NAVAL

1. NORWEGIAN WATERS. 25th/26th (Night). Norwegian-manned MTB's off Stadalandat attacked northbound convoy of two cargo ships and two destroyers. Hits observed on all 3 ships which were last apparently firing at each other. Two MTB's slightly damaged.

2. EAST INDIES. 26th. Enemy convoy attacked east of Andamans by force of 4 destroyers, with aircraft cooperation. 2 ships totalling 13,000 tons and two B/W chasers sunk and 52 prisoners captured. Our forces sustained slight damage and one Liberator crashed.

3. ANTI-SUBMARINE OPERATIONS. 26th/27th (night). Coastal Command Liberator made six promising attacks on U-boats in Bornholm (west Baltic) area. 27th. One of H.M. Frigates probably sank U-boat off Cape Wrath (north Scotland).

MILITARY

4. WESTERN FRONT. Southern Sector. 7th US Army bridgehead across Rhine north and south of Worms, secured on 26th, rapidly exploited after initial strong opposition. Forward units now reported 15 miles to East, 3rd US Army consolidating recent gains and1 jumping up country from Rhine to Aschaffenburg. Entire south bank of River Main held from Wies to Aschaffenburg. A railway bridge across river at Frankfurt, although damaged, captured still standing and fighting now in progress in main part of this city lying to north of river. Central Sector. Enemy resistance on southern end Remagen bridgehead has collapsed and Allied armoured columns have swept east and S.E. to capture Limburg and advanced to within 2 miles Mierlo, Northern Sector. Further good progress made by 9th US Army against only moderate resistance, advanced 5 miles and now within 3 miles Buren. Right flank of 2nd British Army has also extended nearly 5 miles. Enemy opposition on Northern flank round Roos, although still heavy, is beginning to weaken.

5. EASTERN FRONT. Northern Sector. Advances S.W. of Koensiegburg reported and Russians now fighting inside Danzig and Gdynia. Central Sector. In Silesia, capture of Stryhien (15 miles south of Breslau) and Rybnik (15 miles S.W. of Oleezitz) claimed together with advance in direction of Narwa Ostrava. Southern Sector: Russians report progress between Danube and Lake Balaton. S.S., of Krtsan they captured Ace (17 miles east of Gyor), Kister (18 miles S. of Komorn) and Zapelza (34 miles south of Paps).

6. BURMA. Japanese attacks continue on our airstrip in Meiktila area. Our troops cleared road between Myingyan and Myotha while south of Myotha they have advanced further 4 miles to a point 9 miles S. of town. Japanese resistance continues strong in Kyaukse area. One of our armoured columns cleared Myittha and a village 9 miles to N.E. and are now only just three miles from our troops who have advanced 4 miles from positions just west of Kyaukse.

AIR

7. WESTERN FRONT. 542 Bomber Command aircraft despatched; 1255 tons dropped on Pasewalk (attack concentrated) and 1291 tons on 3 oil targets. 13 20,000 pound and four 2,000 pound delayed action bombs dropped on U-boat shelters Farge (near Bremen) in good visibility. No SHAP (Air) bombers operated due to bad weather. Fighters and fighter bombers only 810 sorties flown. 95 Spitfires attacked transport targets South Holland, 27th/28th (night). 164 Bomber Command aircraft despatched (4 missing) 82 attacked Berlin.

8. MEDITERRANEAN. 25th/26th (night). 46 Liberators (1 missing) obtained good concentration on Villach Railway Centre (113 tons). 26th. 609 Liberators (5 missing) dropped 900 tons on 6 railway centres near Vienna in support of Russian ground forces. Photographs show excellent results. Mustangs destroyed or damaged 54 locomotives in same area. Tactical aircraft flew only 105 sorties over North Italy due unfavourable weather.

HOME SECURITY

9. SHOOTING BOMBS. 27th. 2 Further plotted. 27th/28th (night). 8 plotted. ROCKETS. 27th. 1 Further incident.
March 20, 1945

MEMORANDUM FOR THE SECRETARY'S FILES

Mr. William Green, President of the American Federation of Labor, telephoned me today to say that he had advised the Chairman of the House Committee on Banking & Currency that he would appear before the Committee this week, today or tomorrow, to testify on Bretton Woods.

The Chairman told Mr. Green that they are now according the opposition an opportunity to present their views, and that they would continue to do so after the Easter recess. I told Mr. Green that we felt the most important time for him to appear is right after the opposition has finished, and he said that the Chairman had also told him that.

Mr. Green said that he wanted to give this information to the Secretary because the Secretary had called him the other day about it. I thanked Mr. Green for calling and told him that I would give this information to the Secretary. I told him we would let him know as much in advance as possible when we would need him.

R. W. White

Cc: Mr. O'Connell
    Mr. Feingold
    Miss Maguire

February 25, 1945

Dear Mr. Cooke:

The Secretary is away from Washington for a few days and I am therefore acknowledging your letter of March 27. I know he will be most interested in seeing your comments and would wish me to thank you for taking the time and trouble to write him as you did.

Sincerely yours,

(Signed) H.S. Klotz

H. S. Klotz,
Private Secretary.

Mr. Morris L. Cooke,
The Hay-Adams House,
Washington 5, D. C.

KP/3s
March 27, 1945

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

My dear Mr. Secretary:

I have followed fairly closely affairs in my home city Philadelphia for more years than I like to remember. Everything considered, the action a few days ago of a group of our very best bankers in endorsing Dumbarton Oaks and Bretton Woods is a most significant event. We just don't act on our own in such matters without consulting the "higher ups."

The act was so unusual that I made it my business to find out who put it over. No one Philadelphian had anything approaching a leading part. Everybody seems to agree that it was your talk to our people which turned the trick.

I wish you knew these folk as well as I do and you would be able to appraise your part in it adequately. I congratulate you on having done the impossible.

Yours very sincerely,

Morris L. Cooke

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

Dear Mr. Morgenthau:

Thanks for your kind letter of March 24. We fully appreciate the accommodation for our "new" effort while you were in Minneapolis recently. Hope we will be seeing you again in the not-too-distant future.

Glad you liked the little personal touch. It takes a really big man to appreciate things like that.

With all best wishes,

Very truly yours,

William W. Miller

Editor
SECRETARY MORGENTHAU - FOR YOUR INFORMATION

Mr. Cee

TO

FROM

DATE
March 20, 1945

SECRETARY OF STATE

INCOMING TELEGRAM

DEPARTMENT OF STATE

DIVISION OF CENTRAL SERVICES TELEGRAPH SECTION

THE ECONOMIST on Germany

The "Economist" which stated in a previous article that the creation of a separate Rhineland may be a suitable policy for Germany, rejects this solution now since it would be impossible to create political conditions conducive to prosperity and satisfaction of the Rhinelanders.

Except for the annexation of Upper Silesia and, maybe, East Prussia, the peace settlement, to be ensuring, must leave Germany substantially intact: no annexations, no partitions, no permanent disabilities other than disarmament.

3101, Twenty-sixth.

FOR SECRETARY OF TREASURY FROM TAYLOR

Reference to your 2101, March 17, 1945, and to our 2803, March 16, 1945. There is quoted herewith complete text of article entitled "Germany in Europe" from the March 26, 1945 issue of the ECONOMIST. This article is the third in a series on the problem of Germany.

"To separate the Rhineland from Germany means cutting off the Rhinelanders from a large unified economic market and depriving them of equal membership in a large and powerful political community. If such a scheme is to secure their acceptance, even if it is only their passive acceptance, they must sooner or later, be offered compensating economic and political advantages - a new economic Hamborski not ampler than their
then their old German market and a status of political freedom. If neither condition is fulfilled, the Rhinelanders will look longingly to the East and neglect nothing in their attempts to undo the settlement. The discontent of some Germany with such a settlement might possibly not influence Allied policy, since the Allies will not be directly responsible for the Rump. But the Allies - or at least the Western democracies - will not indefinitely be willing to be directly in control of a state that seethes with discontent. It is not in their nature to practice either political tyranny or economic repression for very long.

Sooner or later they would start to conciliate and concede. It is therefore an essential condition of a stable "independent Rhineland" policy that it should be capable of being eventually accepted by the Rhinelanders.

That kind of integration in western Europe would, in the words of a recent French commentator, "gradually orientate Rhineland thought and economy westwards"? It would have to fulfill the two conditions of providing a sufficiently broad economic framework to support prosperity and enough political autonomy and equality to satisfy the legitimate aspirations of an educated people.

people. Obviously therefore, the proposal put forward from time to time in the French press that the Rhineland should be "integrated" into France has no chance of success. The French economy alone, based on 40 million people, would be no substitute for the Reich.

Nor is it likely that the existing French industries and other vested interests would be ready to accept the industrial dominance of the Rhineland within the combined state that a free application of the principle of the division of labour would bring about. Nor is it conceivable that the French Government would permit their biggest concentration of strategic industry to lie in an area which might in a crisis even cease to be part of France. Invincibly, integration within France would mean the decline and impoverishment of the Rhineland, and therefore the turning of "Rhenish thought" obstinately to the East. And quite apart from the inhibitions imposed on such a scheme by French conditions, it is obvious that France's allies in the west would not accept exclusive French domination.

The economic objections might be less strong to the inclusion of the Rhineland in a much larger economic unit in the west. If Holland Belgium and France came together in
together in a customs union, the unified market thus
erected would be based upon 73 million of the most
highly-developed and prosperous peoples in Europe.
If the United Kingdom were included within the union,
the figure would reach 120 million inhabitants, an
economic area almost equalling that of the United States
and including as large and varied a sum of resources
as any other comparable economic bloc. In such a
market where full advantage could be taken of the divi-
sion of labour and full employment could be planned
without tensions and inhibitions, the Rhinelanders
could find greater prosperity than was theirs by virtue
of the German connection. If such a western customs
union were accompanied by a political federation - a
United States of Western Europe - the political objec-
tions of the Rhineland could also be realised, since
the Rhineland would be such a comparatively small part
of such a union that it could safely be granted full
equality of rights in its domestic concerns without
any fear that it would dominate the federal policies.
It is arguable that the attractive power of such a
union would be so strong that even Germany would soon
be seeking admission rather than the Rhineland its exit
permit.

But who can pretend that an act of economic
statesmanship on such a scale is even contemplated?
The advocacy of closer western integration even among
its strongest supporters puts a full customs union
as a remote goal and political federation right outside
the bounds of possibility. The most that can reasonably
be hoped for in the near future is a series of arrange-
ments between governments and industries which, while
drawing the different communities closer together, does
so only very gradually and leaves their national economic
structures virtually intact. The agreement on economic
consultation concluded this week between France, Belgium
and Holland is a very limited affair and appears to
exclude specifically any closer political connection,
and obviously, economic consultation is only the remotest
ancestor of economic union.

It follows that most of the arguments which under-
mine the validity of the proposal to incorporate the
Rhineland in France apply with equal force against the
proposed reapproachment with western Europe as a whole.
The strategic argument is as strong for Belgium and
Holland as it is for France. The opposition of special
interests,
interests, particularly of the coal and steel industries in this country, would be as difficult to surmount. The degree of integration foreseen even by the most optimistic would be too loose to replace the old unified economy of the Reich. Finally and conclusively, it is not certain that even the most modest degree of integration will be achieved. The post-war plans for reconstruction which certain industries are drawing up in Great Britain suggest rather the contrary - that in western Europe itself the post-war world will see not integration, but more autarchy, more national self-sufficiency, less division of labour.

In such a world it is impossible that the Rhinelanders should attain anything like the political status and economic hinterland they now enjoy as part of the Reich. The Rhineland would be a small and weak nation state among nation states. It would in all probability be the Ishmael of the western fringe since the stain of war guilt would not be quickly forgotten. More likely than not it would be left any degree of independence. So long as the Rhinelanders were unsatisfied with their status, it would be necessary to control at least their foreign and trade policy. Yet this control in itself would perpetuate their discontent.

discontent.

It is impossible to avoid the conclusion that the only conditions under which the plan for an independent Rhineland might work - the creation in western Europe of a close economic and political union - are not likely to be fulfilled, are not even contemplated by the Allies. The Rhineland scheme itself is therefore unworkable. On the one hand it would leave a Rhineland full of political discontent, a prey to economic depression and dominated by one desire - to find some way of returning to the Reich. On the other hand, the Rhinelanders' failure to accept their status and the doubtful principle of dismemberment on which it is based would undermine in Great Britain and in the United States the will to maintain the settlement in all its provisions and to resist, if necessary by force, attempts to modify it. The proposed Rhineland state would not lead to a stable or new alignment of European forces. On the contrary, it would create a new focus of dissension. It would of course, be maintained indefinitely by force; but the basic assumption of the whole enquiry - and of any realistic enquiry - is that a solution of the German problem must be capable of developing.
of developing, some day, into something that can be maintained without force.

We come back therefore with regret to the standpoint hitherto maintained by the MOUSO.IST that a peace policy, to have a chance of enduring, must be based on leaving the German Reich substantially intact. There is no need to push this view so far as to make of it a dogma of untouchability. Thus the cession of Silesia to Poland might not be wholly incompatible with long-period peace. The area is not so important economically as the Rhineland, the population is mixed and would remain divided on the question of rejoining Germany. There is no proposal to set up Silesia as an independent unit, it will be absorbed into the Polish economy, which in its turn will be more and more orientated towards the large unified market of Soviet Russia. It is also possible, though more doubtful, that the cession of East Prussia might be made part of a lasting settlement, providing always that it allowed for a genuine exchange of territory and population between East Prussia and the corridor. But in any case, the fate of these areas will be a consequence of Russian policy towards Germany; there is less risk of their becoming, as the Rhineland would, a focus of dissension among the victors and therefore a determinant of their policy towards Germany. In the west, the only hope for a consistent policy towards Germany (and all inconsistent policies are weak, however much fire and thunder they may breathe at the start) is to base it on leaving the German frontiers, and the unity of the Reich, substantially intact. The "constructive" solution will not work.

Does this mean that we must fall back upon a purely negative policy? Many people will say so. "You are leaving," they will say, "The German nation is being. You are leaving it with its war potential intact. The basis of your peace is a nationalist state which has already started a war twice in 26 years. You are neglecting the golden opportunity of the present victory to build a new alignment of forces in western Europe and remove the German peril forever. Could anything be more negative and unconstructive than to start the new peace under the same conditions that wrecked the old?"

It is impossible not to have some sympathy with this point of view. There undoubtedly is something negative and disappointing in the proposal to change so little, to leave so much as it was. But it is very important
important to realize where the negative element lies. If the Reich is left intact, the fault will lie not in our German policy but in ourselves. It is not a very satisfactory policy. It is easily possible to think up, on paper, any number of more attractive solutions. But all these solutions have one common element: they all deny, in the German case, the sovereignty of the national state. And they can therefore all be condemned as unworkable because we are not prepared to work them. The independent Rhineland would be viable as a member of a federation. But the rest of us are not ready for federation, and one state cannot federate by itself. The German nation cannot be carved up among a number of political sovereignties and be expected to accept the fact if it is to remain sovereign. In the highly charged magnetic field of Europe, it is impossible to have the same strong current flowing in 10 states without inducing it in the 20th also. It cannot be narrow nationalists at home and anti-nationalists when we look at Germany, as the king becomes a Presbyterian when he crosses the Tweed. Politics, like water, finds its own level and it is quite useless to put forward a solution for the German problem, however theoretically desirable, which is not cut out of the same cloth as the solution.

solution proposed for the European problem at large. If there is any hope of a realistic policy for Germany, if there is anything new to propose, the blame must be laid where it belongs - on the fact that the western democracies (differing in this, perhaps, from Soviet Russia) have no new ideas about the relations between national states - no new ideas, that is to say, in which they believe enough to apply them to themselves. If we have no inspiring and convincing alternative to sovereign nationalism to offer in Germany, it is because we have no alternative to sovereign nationalism to offer anywhere else.

Nevertheless, within the framework of a world of sovereign nationalist states, the policy of a moderate peace involving no change of frontiers, in the west at least, is not merely not a negative one, but by far the most positive and constructive that can be attempted. It does not in any way mean that the Germans are to get off scot-free, or that no control is to be exerted over them, or that their wishes should be the deciding factor. The ECONOMIST has never advocated any of these things. It has consistently proposed one of the most far-reaching controls imaginable, that Germany should be totally and permanently
permanently disarmed. The policy proposed has always allowed for a period of penal servitude for the Germans which should be limited only in time. What are condemned as the negative aspects of the policy - no annexations, no partitions, no permanent disabilities other than disarmament - are put forward with the object of preserving these essential controls. The policy is moderate in order to be positive.

Any constructive policy towards Germany must meet three requirements. First, it must envisage a time, however remote, when the settlement will stand of its own strength, without the application of outside force. Second, it must meantime provide against the contingency of a third German aggression. Third, it must not provoke dissension among the present Allies. No policy of dismemberment can meet all three conditions. It remains to examine how far a "moderate" policy can. This will be attempted in a subsequent article."

WSP

VEPNT
March 29, 1945

Dear Lieut. Putsell:

In the absence of Secretary Morgenthau from Washington, I am acknowledging receipt of your letter of March 27th with which you enclosed a report on the Kessxenler Bergwerkverein. This material will be brought to the attention of Mr. Morgenthau upon his return.

Yours sincerely,

(Signed) H.S. Klotz

K. S. Klotz,
Private Secretary.

Lieut. A. J. Putsell, Jr.,
Acting Executive Officer,
Office of Strategic Services,
Washington, D.C.

OFFICE OF STRATEGIC SERVICES
WASHINGTON, D.C.

27 March 1945

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

My dear Mr. Morgenthau:

We are forwarding herewith as of possible interest to you a report by our Research and Analysis Branch on The Kessxenler Bergwerkverein (Dominant Coal Producer and Industrial Enterprise of the Afghan Region).

Respectfully yours,

A. J. Putsell, Jr.
Lieut. (jg), USNR
Acting Executive Officer

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

My dear Mr. Morgenthau:

We are forwarding herewith as of possible interest to you a report by our Research and Analysis Branch on The Fachweiler Bergarkassein (Dominant Coal Producer and Industrial Enterprise of the Aachen Region).

Respectfully yours,

[Signature]

Lieut. (jg), USNR
Acting Executive Officer

Enclosure
The Aachen coal region was occupied by American forces in two stages. In early October, troops of the XXI Corps broke through the German defenses in the valley of the Barm and occupied the western half of the coal fields. Mining installations of Alsdorf, Espelkamp, and Werdhausen were found virtually intact; the destruction of other property was superficial. In November the eastern half of the coal fields was occupied, but here the destruction of industrial installations and of dwellings was serious, particularly at Neusselen and Fachweiler.

B. Importance of the Kevsmiler Bergwerkverein (KVB)

This concern dominates the coal fields, and it is the most important industrial enterprise in the Aachen area. Of the ten coal mines in operation north of Aachen before the American occupation, seven were owned by the KVB. In addition, it operated two coke works, an iron works, and was an important producer of electric power. It employed about twenty thousand workers.

The KVB domain forms a fairly compact area, bounded by Aachen on the south, Neusselen on the east, Hierden, Alsdorf, and Werdhausen on the north, and the Dutch border on the west. The three independent mines are in the adjacent area to the north. In this region everyone lives, thinks, and talks coal. The local political issues are shaped by coal, and the social structure is built on coal. The hierarchy in the mine is the hierarchy in the community, modified only slightly by the merchants, the craftsmen, the doctors, dentists, school teachers, and civil servants who add a relatively slight middle-class element to each town.

C. The Social Organization of the KVB Domain

1. The Bosses. At the bottom of the social scale are the miners. Before 1933 they lacked cohesion as a political and social force. They were turbulent and discontented, but had no program on the basis of which they could achieve solidarity. Four unions, each with a political orientation of its own, continued for their allegiance: the Social Democratic Freie Gewerkschaft (the Central Gewerkverein Christlicher Bergarbeiter Deutschland); the Communist Gewerkverein christlicher Bergarbeiter Deutschland; the Democratic HJCC (Hochsaar Deutschland); the union of the Communists. A considerable number of miners had no union affiliations. The Nazis, however, made relatively few converts from the ranks of the miners.

After 1933 the 'dangerous' elements were combed out and all miners were brought into the Deutsche Arbeitsfront. They were deprived of all freedom and representation, although they retained their social security. Wages were raised, but in the past year the money ceased to have buying power because of the scarcity of consumer goods; hours were increased to eight and three-quarters daily, and only one free day was allowed every two weeks. Interviews with miners indicate that a substantial proportion are now genuinely non-political, but that among these, the most docile, there is universal complaint against the unrelenting tempo of work demanded in recent years and the curtailment of leisure time and of freedom of any kind.

2. The Bosses. In each mine there are about forty-five 'bosses' who have a hierarchy of their own consisting of four grades: Boles (at least 30 per mine); Werkmeister (about 7 per mine); Facharbeiter (4 or 5 per mine); Arbeiter (1 per mine). The miners speak of these men as 'heads'; as officials and foremen, they represent the interests of the company in the routine details of getting out the coal. Virtually all of these men became members of the NSDAP, most of them after 1933 for opportunistic reasons, but many, also, before 1933. From this class, particularly its upper bracket, come the Betriebsführer (heads of the local NSDAP, and as such chief Party functionaries in the mines), and some of them acquired other party positions, such as Ortsverwaltungs. Paciero.
between the NSDAP and the management of KZ VI had been friendly except for a few slight differences about the wage scale for miners. Weiße thought that the NSDAP had functioned very satisfactorily. He believes that the principle of compulsory membership in one workers’ organization should be retained, but, as a concession to the miners, perhaps, he suggests that the Betriebsführer and other mine officials should be excluded from membership.

b. Walter Brunner, 44 years old, is deputy Betriebsführer of the coke works at Alsdorf, is in personality a younger edition of Dr. Weis, although far less intelligent. He is a graduate of the Technische Hochschule in Darmstadt and a member of the NSDAP. Brunner explained that the fundamental idea of National Socialism was to regulate social questions so that there would be no unemployment and everyone would be honored for his work. His views on socialism, however, proved confused and muddled. He insisted that anti-Semitism, anti-clericalism and aggressive militarism were not basic tenets of the Nazis, and that judges and the Nazi leaders which he could see. Brunner is of the opinion that he was taken into custody because he would not tell what process was used at the coke works in producing benzol.

c. Herr Aschoke, a vigorous man of about 40, is Betriebsführer of Bergwerkstraktions III (Kohlenzied und Ruhrarea). At present he is one of the most influential men in the firm and is now on the job at Kohlenzied. Aschoke claims he is trying to get more coal produced; he says that he would like to see wages cut to the bone and American military power used to make the miners work. Local opinions about Aschoke vary. An old Social Democrat in Kohlenzied, who had
had no direct contact with Aschke, said he is reputed to be a trustworthy citizen.

On the other hand, a miner in Braunsel reported that he was known as a hard-
driving taskmaster who had told petty officials of the company in no uncertain
terms that unless they joined the NSDAP they could expect no advancement.

d. Peter Spirts, 45 years old, *Bauarbeiterleitender* at *Herrwerkenrichterung*
Il Alsdorf, bears a physical resemblance to Gombels. He proved difficult to
interview. He claimed to have joined the Center Party before 1933 but finally joined
NSDAP about 1937; before that he said he had taken no interest in the whole Nazi
business ("Interesse an die ganze Geschichte"). Spirts had charge of
employment of foreign workers in *Herrwerkenrichterung* Il; he found nothing to
criticize in Nazi policy toward either the foreign or German workers. He
supported the war when Germany was winning but now views the future with
cynicism for he sees only ruin for Germany and nothing for himself but hard work.

e. Theodor Koch, 49 years old, is *Bauarbeiterleitender* of the mine in Baumsel.

Before 1933 he belonged to *Deutsche Volkspartei* but promptly switched to the
NSDAP when Nazis took over. A large, flabby man, Koch expressed himself freely
only on the subject of Russia; he expressed his hope and belief that Americans
will join the Germans against the Russians. Sentimental about his family
and his private misfortunes, he is callous about the effects of Nazi policy on
others. The miners detested him as a hard bitten slave-driver who worked hand in
glove with the Nazis. He uses the Nazi terminology—*Befehlsstunde*, etc.—quite
naturally and unconsciously.

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f. Hans Hasenjaeger, 55 years old, chief engineer of SNV coal works,
holds a doctorate in chemistry from Technische Hochschule in Braunschweig. He
speaks of himself as a simple scientist without interest in politics, but he is
easily drawn out. Hasenjaeger talks the straight Nazi line and thinks that the
social organization under the Nazis was sounder than it had ever been before
during his lifetime. Relations between workers and management in his view, were
easy; there were no strikes and discipline was better. "In terms of
business," he said, "the last ten years have been good years." He thinks that the
war is not yet over; in his view America must fight Russians over Middle Eastern
oil. He is puzzled over the origin of the war and asks: "Why did Britain and
France declare war in 1939? Hitler told them he had no interest in Alsace-
Lorraine or Suez-Salimy."

From this sampling of the opinions of men in leading positions at the
SNV, it is clear why the Nazis did not find it necessary to force any change of
personnel in the managerial positions of the firm. None of the men interviewed
made any effort to conceal the fact that with one exception they had all joined
the Party. The exception was Herr Knappe, head of one of the *Herrwerkenrichterungen*,
who applied for membership but was turned down because he was a Free Mason. One
of the *Bauarbeiterleitender* explained that Knappe had been able to retain his position
because of the influence of his brother, formerly chairman of the *Reichskohlenrat*. Although
all of these men belonged to the Party and all of these interviewed revealed
that they were to a greater or lesser extent indoctrinated with Nazi ideas,
one of them apparently thinks of himself as a Nazi. They point out that they
did not join the Party until after 1933 and that they had to do so in order to
keep their jobs.
D. Relations between "RV management and the Nazis"

Questioned on whether there had been any instances of friction between the RV and the Nazis, all the men in managerial positions agreed that relations with the Nazis had generally been good. The only differences cited were over the amount of wages to be paid to the workers. (Three different men made this point.) Two men spoke of a disagreement with Grobe, "Dienstleiter" of Köln, who some months ago insisted that wages in the Aachen mining area should be the same as those in the Ruhr. The RV opposed such an increase. Grobe had the rate raised, but when he came to make a speech announcing the new scale he went to the Carlsbad magazines mine at Palenberg. The fact that Grobe chose to make this announcement at the mine of another company was considered as a rebuff to the RV. It is significant that no instances of friction between the "Dienstleiter") the chief representative of management at each mine, and the "Dienstleiterinnen" representative of the Party, were cited.

E. How the Managers did not Evacuate

About two weeks before the Americans arrived, the "Generaldirektion" of the RV received an order from the "Landrat" specifying that a skeleton staff be selected to see to it that sufficient coal was mined to keep the machinery running and the mines drained. After each mine had given an estimate of how many men could be needed, the personnel was then sought out on the basis of "reliability," and requested to stay. Almost without exception the men in the leading managerial positions remained. Some of the workers, who were asked to remain, were permitted to leave for one reason or another. None of those persons interviewed would admit that he knew anything about the reason for the order for the skeleton staff, although it was agreed that it involved high policy. Asked to give their own explanations, the following reasons were given: (1) Failure to maintain the mines would be disastrous to the economic life of the Aachen area; (2) the German Army expected to come back and wanted to find the mines in working order.

Each person who remained behind received an order signed by the "Landrat" stating that he was subject to punishment under the articles of war ("Kriegsgericht") in case he did not immediately obey, or in case he disobeyed instructions from the "Generaldirektion." He also received a card ("Assiste") signed by the "Generaldirektion," representing the company and by the "Dienstleiterinnen," representing the "Kriegsgericht," stipulating that in case of compulsory evacuation he was not to leave, and that he could not be recruited for work on the fortifications. This card bore the stamp of the "Kriegsgericht," Gau Köln-Aachen. (See Attachments I and II.)

It is significant that the operating personnel at the mines, unlike other persons in occupied Germany, remained at the order of the German Government, and it is reasonable to suppose that the top management at least was given definite instructions about the extent to which they should co-operate with the American Army in continuing to mine coal.

F. The Present Status of RV Personnel in Managerial Positions

A tabulation of the twenty-one top men in the RV gives the following results with respect to their present status: (1) Ten are, so far as is known, on the job; (2) four were taken into custody by the American authorities and sent to the camp for evacuated civilians at Bomberg; (3) one was killed and one was seriously wounded during the fighting; (4) two had had breakdowns in health earlier in the year and had gone away for medical treatment; (5) two had been induced fairly recently into the Wehrmacht; (6) one, Kram, "Dienstleiter" at Ann II, Alsdorf, left before the Americans arrived, for reasons which have not yet been explained.
The Betriebsführer, heads of the deutsche Arbeiterfront, in each mine and as such the chief representatives of the NSIF at the mines, were not included in the order to remain on the job. They have all left. In interviewing the men in managerial positions it was obvious that, although they were themselves members of the Party, they felt relatively secure in remaining behind. They tend to blame all bad practices on the Party functionaries, particularly the Betriebsführer who have left. Workers, when questioned about these matters, do not, however, make the same distinction between management and Party, between Betriebsführer and Betriebsleiter. Each at Vöhringen, Ochs at Kohlescheid, are as bitterly detested as the Betriebsführer.

The mines at Kohlescheid, Markstein, and Aldorf are almost completely undamaged, and if conditions permitted they could operate normally. The mine at Kochwiler (Kochwiler Reserve) is ruined; the electric power necessary to keep it drained has been cut off for two months and it is now seriously flooded.

Dr. Nies remarked that if any of the mines had to be destroyed, it was best that it should be this one. The mine had relatively little coal left and could probably have been profitably run for no more than ten years. The mines at Vöhringen and Mariadorf were also badly damaged, but Herr Aechle, who directs the Vöhringen mine, believes that two hundred men could get it back into operation within two months. The coke works are completely ruined. Dr. Haasjaeger complained about the destruction of the coke works at Aldorf, claiming that it had been destroyed by American artillery when neither soldiers nor observers were on the premises.

Exact information on the condition of the iron works at Kochwiler has not been obtained, but it is understood that the damage has been very great.

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With respect to the destruction of property, industrial and otherwise, in the coal mining area, a distinction has to be made between the western belt of towns occupied by the Americans early in October and the eastern belt occupied in November. In the former, the damage was great but not devastating and affected mainly domestic rather than industrial property. It was done mainly by the Americans. In the eastern belt, on the other hand, the damage was much more complete; Vöhringen, for example, a town of more than fifteen thousand inhabitants, is wrecked even more than Aachen, but the damage was largely done by the Germans themselves in the bitter fighting that took place for possession of the town.

II. Present Organization of the Mines

The mines are under supervision of the American military authorities. Production is under a special detachment of mining engineers attached to 949th Army. This detachment is not concerned with political policy or with personnel; its job is to implement in any way it can the production of coal for military use. Control over personnel is charged to GS; that is, questions involving management and labor, the selection of individuals for responsible managerial positions, the formation of worker's organizations, etc. GS cooperates with MO in these matters, only to the extent that it screens out individuals likely to endanger military security.

Immediate control over current operations is in the hands of officials of the concern who still remain. Although, as previously indicated, only about half of them are still on the job, they seem to suffice for the present.

I. Present Operations at the Mines

The four mines at Markstein, Aldorf, and Kohlescheid are operating, and they are employing about two thousand men, or about one-twelfth of the normal number engaged in all operations of the NSIF. A considerable proportion of those
working undoubtedly were selected by the mine officials to keep the machinery going and the mines drained, although the exact number of those in this category has not been learned. So far production at the mines has been just about sufficient to provide the necessary electricity to operate the machinery, to supply a little coal to the miners themselves and the mining towns for heating and cooking, and, in the case of Kohlscheid, to heat water sufficient to bathe about fifteen hundred American soldiers daily. (In Kohlscheid each family gets 100 kg of coal a week, and each miner four 100 kg of coal a month.)

A number of the G.I. detachment when questioned about production, replied: "The less said about it the better." Very little coal is going to the American Army. The reasons for the slight production have been discussed with American mining officials, with Herr Aschke representing MIN management, and with two old Social Democrats in Kohlscheid. Their views may be summarized as follows:

The mines are understaffed and difficulty is being experienced in finding an adequate labor supply. About half of the miners before the Americans came were foreign workers, all of whom were evacuated by the Germans. Many of the remaining miners are not working, and absenteeism among those who are on the payroll is becoming a serious problem. At Kohlscheid recently about a third of the miners did not show up for work, and most of those stayed away "arbitrarily." One of the old Social Democrats said that the attitude of the miners is largely an outgrowth of bad relations with the management, a situation which goes back to the Nazi period. He argues that the workers want to work (and all of the miners interviewed at the evacuation camp insisted that that was what they wanted to do), but that they find it intolerable to work for the former interests without having any kind of representative body through which they can voice their views.

Herr Aschke, on the other hand, explains the prevalence of absenteeism on these grounds: at the existing wage scale, a miner can earn enough in a day to buy all he is able to buy in a week. (Whether this is actually the case has not yet been checked.) Consequently, since he has work to do at home, property to repair, potatoes to dig, etc., he stays home. Miners who obeyed the order to continue working (who, as Herr Aschke puts it, "did their duty") during the period of evacuation and fighting now find that they are worse off than their neighbors who remained in their cellars, locked after their property, stocked up on potatoes and vegetables, and in some instances looked the property of their departed fellow citizens. Aschke favors the idea of drastically lowering the wages to the point where the miner would have to work regularly in order to get enough money to keep himself and his family alive. The American Army, he thinks, should replace the terror mechanism of the Gestapo and compel the miners to work at wages even lower than the Nazis had paid. His motives in making such statements are not clear; he may be seeking to implant such ideas in the minds of the Americans or he may be simply politically obtuse.

It is obvious that the diagnosis and remedies of the old Social Democrat, on the one hand, and the mine official, on the other, are diametrically opposed. Meanwhile the facts remain that the managers and some of the miners are here at the order of the German Government, that they are keeping the mines in good working condition, and that they are not producing any substantial amount of coal for the benefit of the Allied war effort.

J. Organization of the Miners

The disappearance of the U.S. has left the miners without any organization even ostensibly representing their interests. At the same time, there have been
no disturbances of any kind from the working class population in spite of the
fact that food is bad and living conditions generally bad.

Among the miners themselves, there appears to be no urgent desire to
revive the pre-1933 trade unions or to form new ones. However, two men, supposed
to be Communist, did ask for permission to go from Herschvath to Kohlenhald to
form a union, but were refused a permit to travel by NI. An old Social Democrat,
ownly reinstated in the municipal administration, submitted to Ashbee a list of
five miners (including two Communists) as candidates for a representative council
of the workers (Betriebsräte) but no decision respecting the establishment
of this body has been made.

II. RELATION OF THE KRV TO ARMED AND TO THE
GERMAN COAL MINING INDUSTRY

The KRV is a subsidiary of ARMED (Actières Réunies de Burtscheich-Ober-
Hemmen), the great Luxembourg industrial combine. ARMED also controls the following
firms in Germany: (a) the Falten & Guillaume Kurbewerk AG, employing twenty
thousand workers at Köln-Mülheide, which in turn has a controlling interest (61.2
percent of the stock) in the Falten & Guillaume Fabrik elektromoher Kabel, Stahl-
und Kupferwerke AG in Vienna; and (b) Archätal AG fuer Stein- und Tonzindustrie,
employing twelve hundred workers near Koblenz and Kastorh. ARMED itself
dominate Luxembourg economically, has important holdings abroad, particularly in
Brazil, and is surpassed in the production of raw steel by only two German concerns—
Vereinigte Stahlwerke and Krupp.

The connection between ARMED and the KRV dates from 1912. In that year
the two concerns signed a "community of interest" agreement (Interessenverein-
barung) to last for thirty years. ARMED, which at that time held about
10 percent of the stock of the Schwoiler concern, was given control over the
management and in return guaranteed 14 percent annual dividends to the KRV. For
a number of years thereafter a sizeable proportion of the coal and most of the
sels produced by KRV served the Luxembourg iron industry.

This relationship, so far as disposition of the coal was concerned, was
changed in 1924, when KRV became a member of the Rheinisch-Westfälische Kohlen-
vereinigung. Henceforth the quota of production and distribution of the coal was
fixed by the syndicate. The Rheinisch-Westfälische Kohlenvereinigung was also tied
up with the international cartel which apportioned quotas for the foreign market.1

1. Since the beginning of the war the allocation of coal has largely shifted from
the control of the Rheinisch-Westfälische Kohlenvereinigung to that of the Rheinhä-
Vereinigung Köln, headed by Platzer in Berlin; head of the Aachen district was
a Burmeister named Dies.
After 1934, therefore, the intimate relationship between ARBED iron and
steel coal came to an end. Since then coal for Luxemburg has come mainly from
Belgium and Holland. Most of ARBED's coke, however, continued to go to Luxemburg.
Meanwhile the connection between ARBED and KNV, so far as ownership was concerned,
was tightened; by 1962 ARBED had secured control of about 95 percent of KNV stock.
Consequently when the "community of interest" agreement expired, it was not
renewed, since ARBED now owned KNV.

A. Ownership of the KNV

With respect to ownership as well as management, the KNV like ARBED was
virtually untouched by the Nazis. ARBED as a legal person controls the stock
of KNV, but no one connected with ARBED appears to be familiar with the ownership
of KNV. It is generally agreed, however, that the ARBED stockholders were not
dispossessed by the Nazis. (This conclusion was previously confirmed by interviews
with leading officials of ARBED at Luxemburg.) Dr. Weis, one of the chief officials
of the KNV, said that it has always been his understanding that the stock was
dispersed among many small holders, but that among the principle shareholders were
Schneider-Quenbec, the French concern, and one Barbeau, a Belgian. Weis could
not say whether any substantial portion of the stock had come into the hands of
German individuals or corporations.

B. Relations between KNV and ARBED since American Occupation

Herr Arthur Kippen has long been the representative of ARBED charged with
supervision of the affairs of the KNV. Ordinarily he made a monthly visit to
Kohlscheid where he conferred with Herr Becker, General Director of the KNV.
Kippen has made one visit to the mines since the Americans occupied the region.
(On 27 November 1944, Herr Sprake wrote a letter to Kippen through the Belgian
Red Cross, requesting that he try to do something to secure the release of the
four men [Sprake, Hasenjaeger, Koch, and Brum] who are in American custody at
Luxemburg.)
III. ORGANIZATION AND LEADING PERSONNEL OF THE EHV

A. Aufsichtsrat (Board of Overseers) of the EHV: thirteen men, including the following who represent AHED:

Vorsitzender (chairman); Lehmann, General Director of Folin & Guilleaume, the AHED subsidiary at Köln.

Deputy chairman: Alois Meyer, General Director of AHED.

Members: Kippen and Hoffmann, (Hoffmann replaced Herr Chauvet, a Belgian by birth, who for the last two years was living in retirement in Steiermark, but who returned to Luxembourg before the Americans arrived and has resumed his position with AHED. For information on Chauvet, Meyer, and particularly Kippen reference is made to a previous report on AHED by the Advance Detachment, F & PW, 12 Nov.)

B. Vorstand (Board of Directors) of the EHV:

Chairman: Becker, General Director of EHV.

Ordentliche Mitglieder (full members): Betriebssolddir. Knoppe and Betriebssolldir. Burkhardt; Knoppe is in the hospital and Burkhardt in the Army.

Sondersolldir. Mitglieder; (alternate members): Dr. Neis, Kolisch, legal advisor of the firm; Betriebssolldir. Kafl (killed by a mine between Alsdorf and Herzogenrath about 5 October); Vockhoff, a merchant; Klose, Director of the Kochschild iron works.

C. General-Direction: Kohlscheid

General Director; Becker; wounded and will probably be laid up for another month; now in Kohlscheid. Dr. Neis seems to be for the present the de facto deputy for Becker.

D. Betriebsleitung I

1. Director: Burkhardt; in the Army.

2. Betriebssolldir.; Imburt.

Under Betriebsleitung I are two soft coal (Kohle) mines:

a. Kochschild (Reserve)

b. Mariendorf (Maria)

   1) Betriebsleiter: Henkel, too sick killed, one blinded in the war; in the past month appeared very depressed.

   2) Betriebstechnik: Keyser

E. Betriebsleitung II

1. Director: Knoppe. For more than half a year Knoppe (over 60 years old) has been sick and is now in a hospital at Dusseldorf.

2. Betriebssolldir.; Herzogsmagazin & Venn; Venn is about forty years old; reported to be on the job.

Under Betriebsleitung II are three soft coal mines:

a. Alsdorf (Anna I)

   Betriebsleiter: Otto (?) Kuhl, a reserve officer in the Heer, joined in early part of war; left again not long ago, reputedly to return to active military service.

   Betriebstechnik: Kuhl.

b. Alsdorf (Anna II)

   Betriebsleiter: Kremer; not there now.

c. Herzogenrath (Alsdorf)

   1) Betriebsleiter: Ramon and Plins. (At this mine, as at Kohlscheid, one Betriebsleiter was in charge of surface operations, the other in charge of sub-surface operations.)
F. Bergverwaltung III

1. Director: Hail; killed about 5 October.

Under Bergverwaltung III are two anthracite mines:

a. Kohlescheid:
   1) Betriebsführer: Ochs and Gösler; both are in Kohlescheid;
   Ochs is not well spoken of by some of the miners.
   2) Betriebsleiter: Richard Boenig.

b. Winterstein (Oomby)
   1) Betriebsführer: Koch; at camp for evacuated civilians, Homburg.
   2) Betriebsleiter: Josef Prings.

G. Iron Works, Roedweiler

Director: Klose.

H. Stierdorff

A new mine, the Max Mayrlech (named after the founder of AMHED) has been under construction at Stierdorff since 1937 or 1938; an estimated another three years of work is necessary to bring it into operation. A big new coke works is also under construction there; it is intended to shift entire production of coke from the present plants to this new plant when completed.

I. Coke works

Overall management of the two coke works at Alsdorf and at Hothberg is in the Koksverwaltung, headed by Dr. Rasenkaer, chief engineer, now at the camp for evacuated civilians at Homburg.
Der Landrats

An
Herrn Zimmermann, Wila.....

In Reichenstein
Doppelstr. 23

Bevölkerungsregister

Beilage

Bei Anordnung der Zurückführung der Bevölkerung (in Spannungs- oder Not-Fällen)

haben Sie sich sofort unter Vorlage dieser Beordernung zur Durchführung
besonderer Arbeiten bei Ihren Betrieben

Reichenler Bergwerks-Verein

zu melden.

Sie stehen für diese Tätigkeit unter den Haftungsregeln und werden nach diesen
bestraft, falle sie dieser Beordernung nicht verbindlich Folge leisten oder
den Weisungen des Betriebstruppführers Ihres Betriebes widersprechen.

Falle sie schon eine Beordernung erhalten (oder noch erhalten), haben Sie der
oben bezeichneten Behörde hierzu unverzüglich Mitteilung zu machen.

German Party
Seal

In Antrage

Der Bergmann Ziemann, Wila.

Ist notdienstverpflichtet für die ANNO I.

In Falle eines Bevölkerungs muss der Inhaber dieser
Karte an seinen Wohnort bleiben. Seine Familie kann
noch abends Entscheid hier bleiben.

Der Inhaber der Karte kann an Schanzenarbeiten nicht
herangezogen werden.

Reichenler Bergwerksverein

Venn

German Party
Seal

Der Ortstruppführer

Leitstreich
To Mrs. Klotz

From Miss Model

General O'Dwyer would like Secretary Morgenthau to know the latest developments in our progress from Switzerland.

Mr. Mann, Mr. Ketski and Mr. McClelland, who have been in Paris since March 26th negotiating with the military, telephoned the General today. They reported that they have had three conferences with General Maurice W. Gilland of 9-4 who has been extremely sympathetic and helpful. Because of military necessity at the present time, it is utterly impossible for the army to release trucks to us. However, arrangements were made for the immediate release of 6,000 gallons of gasoline a week with the necessary lubricating oil and for the release of 20 truck tires. This will make it possible for McClelland to continue negotiating for trucks in Switzerland and he is very hopeful that with gasoline and tires he will be able to get some Swiss parts. McClelland is returning to Bern, Switzerland, and hopes to have trucks rolling from Switzerland early next week.

I think the Secretary will be interested in knowing that James Mann appears to have done a wonderful job and the General is delighted that we were able to have his services for these negotiations in Paris. It is contemplated that Mann will stay on in Paris for a short while to finish up the negotiations.
CORRECTION TO
PARAPHRASE OF VELSHEDH RQD

FROM: American Embassy, Chungking
TO: Secretary of State, Washington
DATE: March 29, 1945
NUMBER: 035

This message was distributed to you on March 29 under Serial Number 035. Please change your copies to show the correct number - 025.

29/14-GOV
4-3-45
CABLE TO INMAN AND EARL HARRISON, LONDON, FROM WAR REFUGEES BOARD

The attention of the Intergovernmental Committee is called to the precarious plight of certain Spanish Republican refugees who are in hiding in Portugal. The Board strongly recommends (1) that the maintenance of this refugee group be supplied by the Intergovernmental Committee as a part of its overall program on the Iberian Peninsula, and (2) that the Intergovernmental Committee arrange for the speedy evacuation of this group to haven of safety, since their continued presence in Portugal at this time increases the danger of their deportation to Spain.

THIS IS WSH LONDON CABLE NO. 60

10:30 a.m.
March 29, 1945

CABLE TO AMBASSADOR INMAN, LONDON, FROM WAR REFUGEES BOARD

Reference your 2872 of March 29, 1945.

Following is text of instructions forwarded by UNRRA here: 66 their London mission, answering questions raised by you:

UNRRA: Movement responsibility of military. After conversations with UNRRA we urge that UNRRA personnel should offer readiness against specific request supplementary medical and welfare personnel for care of refugees on route. If UNRRA personnel not obtainable, we will request help Italian mission. War Department informs us movement cannot be arranged before April 15. Please instruct Paris.

UNRRA: Responsibility clearing eligibility of group of refugees. UNRRA care is function of Washington or its representative. UNRRA representative point nearest departure responsible notify you of movement and ascertain all individuals properly belong to group cleared. Washington will appoint displaced persons representative at turn for this purpose earliest. You not obligated nor authorized accept any groups of refugees not cleared. UNRRA.

Since we assume you will soon be with McClelland, he will advise you of exact status of this evacuation as worked out between himself and the military.

THIS IS WSH LONDON CABLE NO. 61.

10:30 a.m.
March 29, 1945
Regraded Unclassified

Chungking
March 29, 1945

WASHINGTON
March 29, 1945

TO: Secretary of State, Washington

Regraded Unclassified

Subject: Relief Supplies

This message is being repeated as No. 1267 to Bern.

With reference to Embassy's message No. 1256 dated March 22,
(which was repeated as No. 135 to Bern), questions of blockade policy
character are raised by proposal to distribute relief supplies for war
prisoners to foreign forced laborers, political deportees and others in
similar status in Germany. These matters must be given consideration in
consultation with British Government and other interested agencies of
U. S. Government. Consequently, internee should be advised that the
distribution of relief supplies for war prisoners in Germany should be
limited to that type of person and to civilian internees placed in that
category by special agreement.

(Acting)
PARAPHRASES OF TELEGRAM RECEIVED

FROM: American Embassy, Chungking (via Navy)
TO: Secretary of State, Washington
DATE: March 30, 1945
NUMBER: 623

1. With reference to Embassy's cable No. 524 dated March 29, Admiral's progress for holding down inflation in China is summarized below:

U.S. Army operations in China and that country's war effort are being hampered seriously by inflation already. Such an advanced stage has been reached by inflation that no palliative action will singly aid in significant holding back, and a program of many phases is required, points of which follow:

(A) In order to force private hoarders (particularly large holders of essential consumers goods and foodstuffs) to release their hoards under threat of confiscation and imprisonment, and to force agencies of the government to release essential stock materials and machinery on reasonable terms to private factories for war production, measures should be taken against both private and public hoarding.

(B) With the assumption perhaps of a few strategic commodities, the supply and distribution of which are comparatively centralised, price control should be reserved.

(C) Cotton textiles should be imported and other essential commodities to be

2. To be imported later, when logistical position permits.

3. By means of additional decrease in number of government employees and abolishing and uniting redundant agencies, reform of government administration to be continued.

4. Gold sales to be continued, but with severe revision of gold sales policy. This should include abolishing procedure of selling gold at less than half of black market price and with maintenance of price in close relationship with commodity price trend as objective.

5. Continuance of fiscal reforms, with more efficient collection of direct taxes and increase of such taxes on higher income groups, additional simplification of tax structure, change in practices for collection and disbursement of taxes, and severance of expenditures on projects which it is not probable will yield immediate returns.

6. Decrease in size of army of China.

7. Initial efforts by Chinese WTB to increase production to be continued.

There seems to be a strong case against connecting even initial phase of currency stabilization plan with an immediate anti-inflationary plan, although detailed program should be drafted as quickly as possible looking toward replacement of puppet currencies by FRP in occupied territories and resuming foreign trade. Summary ends here.

You are requested to give Treasury report of this message.

8. It is the belief of the Embassy that basically the plan is sound.
second and that it is likely the Chinese Government's vigorous implementation of this program would be of great assistance, if not definitive, in existing situation. We believe without question that the present Chinese feeling of impetuosity and acquiescence in the face of rising inflation would be improved considerably as a result.

Attachment

Lisbon

Dated March 29, 1945

Re’d 3:45 p.m.

Secretary of State,

Washington.

622, March 29, 11 a.m.

This is WO 1217 JDC 206 FOR LEAVITT FROM THORNE.

Please advise us to cable from Gifford substance of which follows: possible send insured registered letters to Shanghai up to two kilo weight. Mail connections open via Russia. Have discussed with Eicher plan I would like to carry out of sending injection syringes medicines and first rate food this way. Either interested states permissible according customary regulations provided material corresponds to value declared when mailed. Is it possible receive for first experiment appropriation of $1,000 from Joint? In opinion American Legation best that blockade be cleared by New York.

CROCKER

WTO
REFERENCE your No. 1739 from March 21. Katski is entirely at your disposal. Any arrangement you make with him will be satisfactory to us. Advise Katski that Andrews agrees.

30160 a.m.
March 29, 1945

COIINATION
March 29, 1945

No. 1660 from Paris dated March 27, 6 p.m. At end of last line delete "..." and insert "there" making line read "regarding prospect for securing transportation there."

DIVISION OF CIVIL SERVICES
The following for Manz and Earl Harrison from War Refugees Board is WRA 50.

The following for Manz and Earl Harrison from War Refugees Board is WRA 50.

The attention of the Intergovernmental Committee is called to the precarious plight of certain Spanish Republican refugees who are in hiding in Portugal. The Board strongly recommends (1) that the maintenance of this refugee group be supplied by the Intergovernmental Committee as a part of its overall program on the Italian question, and (2) that the Intergovernmental Committee arrange for the speediest evacuation of this group at this time, as the danger of their deportation to Spain increases.

(Arming)
US URGENT

CABLE TO MINISTER HARRISON, HEIM, FROM WAR REFUGEE BOARD

The War Refugee Board is informed that Mrs. Gemma Glueck, United States citizen by birth, born April 21, 1881, in New York City, is currently detained by the German Government at Ravensbrueck near Paderborn, Halle, near block two.

Please request Swiss authorities to take all appropriate action to safeguard the life of this United States national from further enemy persecution and to secure her removal from Ravensbrueck to a civilian internment camp.

Please immediately request I.U.R.O. (1) to direct War Refugees Board food parcels to her and (2) arrange to have Mrs. Gemma Glueck included in an evacuation of internees from Ravensbrueck as outlined in Bern's No. 1727 of March 22.

Kindly arrange to have McKillen advised of the contents of this upon his return to Switzerland. It is urgently requested that a report on the action taken on this request be forwarded to the War Refugee Board at the earliest possible moment.

THIS IS WAR HEIM CABLE NO. 452

10:30 a.m.
March 27, 1945

Regraded Unclassified
SECRET

DEPTL No. 101

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

NOT TO BE RE-TRANSMITTED

COPY NO.

FATAL

1. EMPIRE ATTACK ON SHIPPING. 26th. A 5345 ton Norwegian tanker in westbound convoy mined or torpedoed off Zeebrugge and taken in tow.

MILITARY

2. WESTERN FRONT.
   Northern Sector: Considerable progress made by both 3rd and last U.S. Armies. Armoured division of former 20 miles north of Frankfurt while another from latter driving from Remagen bridgehead has reached Herborn.
   Southern Sector: In combined bridgehead area, resistance reported stiff on flanks, but little opposition being encountered centre. Dorsten, Haltern, Reesfeld and Borren captured, while U.K. and Canadian troops are also reported fighting in the area of Emmerich.

3. EASTERN FRONT.
   Northern Sector: Gdynia captured and 9,000 prisoners taken while further progress made in occupation Danzig.
   Southern Sector: Further progress made along Southern bank of Danube in direction Vienna, where Gyor captured, while good progress also made west of Pavia, where River Reba crossed and places taken respectively 25 miles S.W., 25 miles W. and 30 miles S.N.W. of Pavia.

4. BURMA.
   Central Sector: Fighting continues area main airfield Meiktila, the centre of which is 27th still held by Japanese. 70 N.W. of this Japanese hold dominating positions in Taungtha area which overlook road connecting this town to Myingyan. Further north enemy still hold road block across road Myingyan-Myotha which otherwise cleared.

AIR

5. WESTERN FRONT. 27th/28th (night). Coastal Command Halifax attacked shipping Skagerrak damaging 1 destroyer and 2 ships of 4000 and 6000 tons.
   28th. 891 U.S. escorted heavy bombers (26 bombers and 7 fighters outstanding, but majority believed safe on continent) attacked through cloud with unobserved results armament plant (785 tons) and tank factory (144 tons) Berlin, tank plant (90 tons) and central railway centre (123 tons) Hanover.
   SHARP (Air). 294 bombers (4 missing) attacked targets West Germany including 28 railway centres (123 tons) and 2 oil storage depots (205 tons) with mainly unobserved results, while 1744 fighters and fighter bombers operated battle areas, mainly in Northern and Central Sectors, and against rocket carrying transport in West Holland, during which 215 tons dropped and 17 locomotives, 671 railway wagons, 1042 M.T. and 45 A.F.T.'s damaged or destroyed, with many casualties in combat 11/7 and 1,00 on ground. Bad weather interfered with operations and prevented them during 26th/29th (night).

HOME SECURITY (Up to 7 a.m. 29th)

6. FLYING BOMBS.
   26th, 3 plotted.

7. ROCKETS.
   No incidents reported during period.
March 30, 1945
11:34 p.m.

Mr. Daniel

B: Good morning.

M: How are you?

B: Pretty good, how are you?

M: Oh, I'm having a pretty good rest.

B: Good for you.

M: I need more.

B: Ahh, well, you ought to stay there longer.

M: Don't.

B: Yes, sir.

M: I had a preliminary talk with George Kane.

B: Yeah.

M: And as of last night I would say on the 1 and 1/2 that three fifteen fifty--

B: Three fifteen fifty-

M: Fifty-two.

B: Fifty-two.

M: Now will you part on that?

B: No, I don't think so. I think that is right.

M: And on the 2 and 1/4, 6/15/50-62.

B: Let me see -- 6/15/50-62.

M: Fifty-six.

B: That's all right.

M: Now he said he thought the thing to do would be to well, he didn't know whether you would have any trouble with dates or not.

B: A little, but I'm sure Bob Jones will go along. I saw him last night and talked to him. He thinks Allan will.

M: That's all right. I think it is good.

B: Hello?

M: That's all right.

B: And Ted can't pick on that because he said as long as I made up my mind the first of next week.

M: Yeah.

B: We got 4d hours.

M: I think we have plenty of time. The Federales are a little slow in getting their application forms, that is the big club, but I think they can meet it.
HNJR: Would that sound all right?
B: That sounds all right, yes.
HNJR: Well, you might be checking this, and then I'll give you another ring sometime Saturday. Will you be in Saturday?
B: Yes, sir, I will.
HNJR: And then we will check once more Saturday and then again Monday afternoon.
B: I think that is fine.
HNJR: And Saturday you can give me the reaction of these suggestions which I believe are largely yours and George's anyway.
B: Yep.
HNJR: Is that right?
B: That's right. Well, you want me to check with Allan on it -- I don't know whether I can get Harriner, but I'll check with Ronald.
HNJR: Well, I see. I think it is important to try to get Harriner.
B: Well, all right. Well, they will do that on the phone, I'm sure.
HNJR: Is he away?
B: Yes, he's out West.
HNJR: I see.
B: Won't be back until about the 10th.
HNJR: I think that it is important that they get him.
B: All right.
HNJR: Does that sound -- not too radical?
B: No, sounds good to me, and I'm particularly pleased on the long one. I think that is right, and the middle one is not too long, neither.
HNJR: Now, what else?
HMJr: Has he got anything to say, good or bad, about him?
B: Very good, and one of their top workers in the South.
HMJr: No reason why if he wants to show me some attention why I shouldn't accept it!
B: No reason at all why you shouldn't accept it.
HMJr: That right?
B: That's right, yes. Bob says.
HMJr: He wants to take me fishing.
B: Wants to take you --- he says all right, go ahead. Now, Herbert wants to talk to you.
HMJr: All right.
B: And Miss Rodell would like to speak to you.
HMJr: All right.
B: Anybody else? Here's Herbert.

Herbert: Hello.
HMJr: Hello, Herbert?
B: Yes, how are you?
HMJr: I'm all right.
B: I've got a couple of little things. Jonathan Daniels told me that the President would positively make the line broadcast on the 13th. He turned the boys down on the Worker broadcast.
HMJr: Well, that's all right.
B: I have a nomination here of a man named Seythe to be Collector of Internal Revenue in California. That's the man who used to work for Colonel Heller, you know, and was War Finance Manager for a time.
HMJr: Yeah.
B: To be Collector of Internal Revenue. Shall we hold that until you come back or shall we send it on?
HMJr: Oh, no.
B: Send it on, huh?
HMJr: Sure. He's a good man.
B: Yeah, he's been --- there was a little question about the extent of his drinking, but Ted said that he is pretty straightened out now. The other thing was a clipping that we didn't send you yesterday. Mrs. McClugh called it to my attention, and also Mr. Russell did, in the World Telegram in New York, which indicated that mail order firms in New York were being coerced to take tables at this dinner for your speech. We found that it resulted from apparently an argument that one of our volunteer solicitors had with a World Telegram man, but they said that the text of the telegram that they sent out to employers inviting them to take tables --- it's a very proper telegram; it was signed by Gehle, the State Chairman --- and Gehle wrote a letter to Lee Woods, the editor of the World Telegram expressing his great surprise that they'd print an item of that kind. The other papers are going along all right, but I don't think it is anything to be much upset about. It was a rather dirty little item, though.

HMJr: Well ---
B: Well, it is all taken care of.
HMJr: That's all right. It takes a lot more than that to worry me.
B: Oh, well, that's all I know. I don't have anything new on the tax thing.
HMJr: Well, I'll tell you what I'd like you to do. I know Nunan goes up to New York today, see?
B: Yeah.
HMJr: And I pinned this thing on Nunan. You call up Nunan and tell him that he should write me a letter today, air mail, telling me what he has done this week, what he has accomplished.
B: Ahuh.
HMJr: I want a letter from him.
G: Well, that's for general effects. You know about what he has accomplished.

HMJr: I know, but let him write me a letter. I don't want him to get off the hook on this.

G: O.K., O.K.

HMJr: See?

G: Yep, right.

HMJr: Just tell him to write me down at the hotel air mail, what he has accomplished along the lines I asked him.

G: Yeah, yeah. I think that will be a good thing.

HMJr: All right.

G: Right. Here's Dan.

Dan Bell: Hello.

HMJr: Yes.

B: Miss Hodel says she gave the information to Mrs. Klotz and she related it to you?

HMJr: That's right.

B: She doesn't have to talk to you unless you want to talk to her. Joe says that Ceece and Glasser are now at the State Department working on that German document.

HMJr: Oh, did they call that committee together?

B: Did they call the committee together? (talks aside) Not the top committee, but at a lower level.

HMJr: Yeah, that's right. Along the lines I suggested.

B: Yes, that's the State, War and Treasury on a lower level working together.

HMJr: That's right.

B: And they are over there this morning. I have one question on the basket. Did you give consideration to the fixed maturity?

HMJr: I tell you, the fixed maturity would be too attractive to the banks.

B: Well, they will on both ends, I think.

"Mjr: I think it is more of a bank maturity, and I don't see why we should have one for the banks.

B: Well, it's more of it, no doubt about that, and will eventually wind up in the banks.

HMJr: If our policy is to discourage the banks, then I should think we would want one which is least attractive to them.

B: Well, I think there is something to that, but I just wanted to be sure that it ---

HMJr: I thought about it.

B: -- and that you looked that over.

HMJr: Oh, yes, I read it all very carefully.

B: Well, I think this one will go, too. I think this will be attractive. All right I'll be talking to you tomorrow then.

HMJr: Right.

B: All right, bye.
TREASURY DEPARTMENT
WASHINGTON DC

March 30, 1945.

Dear Mr. Secretary:

I am enclosing herewith activities of the Bureau since the meeting in your office last Thursday. If you have any further suggestions and will communicate with Joe O'Connell, he in turn, will contact Commissioner Schoeneman who will put them into effect immediately.

Trust you are enjoying your vacation.

Very sincerely,

[Signature]

Honorable Henry Morgenthau Jr.,
Sheraton Plaza Hotel,
Daytona Beach, Florida.

MEMORANDUM

TO: Secretary Morgenthau
FROM: Mr. Runan

The following is a resume of what has transpired since the meeting in your office last Thursday. Saturday afternoon, March 24, I met with the following persons in New York City:

Collector William J. Pedrick
Collector Joseph P. Marcelle
Collector James W. Johnson
Mr. C.B. Allen, Agent in Charge
Mr. C.R. Krigbaum, Agent in Charge
Mr. Daniel A. Bolich, Agent in Charge
Mr. Samuel Litwin, Agent Investigator in Charge
Mr. Kenneth W. Moe, Agent Investigator in Charge
Mr. Hugh McQuillan, S.A. in Charge
Dr. Benjamin R. Rhees, District Supervisor, ATU
Mr. James A. Roney, Special Agent
Mr. Martin C. Kunkel, Special Agent
Memorandum by Secretary Morgenthau

I spoke to them about the meeting held in your office on Thursday and of your concern over the amount of cash transactions taking place today, and of tax avoidance both of individual and excise taxes. I told them further that the Bureau was putting on a special drive in order to ascertain if there was tax avoidance and if so, to stamp it out as far as possible. I gave Collector Pedrick full authority to carry on the investigation in any part of New York City and directed the Agent in Charge, Mr. McQuillan to cooperate in every way. I instructed the three collectors to have deputy collectors check with the Register's office both in New York and Brooklyn for any large real estate transactions wherein great amounts of cash were involved and if any were found to turn it over to Mr. McQuillan for further investigation. I also directed Mr. McQuillan, pursuant to Joe O'Connell's plan to assign two or three agents to contact the Federal Reserve Bank or any other banks in the city wherein any unusual transactions were taking place and arranged for Mr. McQuillan's office to check with the Alcohol Tax Unit and get any information from them wherein large amounts were involved in black market liquor transactions. I told all present that apart from the investigation Pedrick would make, McQuillan would be in complete charge of all activity in New York City and would submit to me a weekly report on any progress. I also asked him to submit a report to me on the activities for the last month before this drive started. Litwin suggested it might be well for someone to visit resorts near New York, such as Lakewood and other mountain resorts where people are allegedly spending large amounts of cash, similar to the investigation made by Mr. Irey in Florida, and I authorized him to make such an investigation.

On Monday morning Mr. McQuillan and I had lunch at the Federal Reserve Bank with Messrs. Sproul and Rounds, who in the meanwhile received a telegram from Mr. Dan Bell. Both of these gentlemen promised to cooperate with Mr. McQuillan and advise him of any unusual transactions which might occur in the Federal Reserve Bank of any of the member banks. The deposits of some $450,000 by Lustig were again mentioned and Mr. McQuillan has already started his investigation of this particular case.

Thursday afternoon I met with Mr. O'Connell, Messrs. Irey, Cann, Scheneman, Sherwood, Avis, Kennedy, Wachell, Self and Wolfe and we discussed further means for securing information on leads.
Memorandum

Secretary Morgenthau:

At this conference Mr. Irby suggested several beneficial methods to be followed for this part of the program.

Wednesday afternoon we had a meeting at the Bureau at which were present the gentlemen whose names appear on the attached list. I told them the same story I had told the collectors and agents in New York City and inquired of each one as to the conditions that existed in their locality. It would appear from that meeting that several investigations are, at the present time, under way by Special Agents in Charge. When these are completed reports will be made and forwarded to the Bureau. I arranged for the same set-up in each of these cities with the Special Agent in Charge of the current program. He, in turn, as in the case of New York, will file weekly reports with the Bureau as to his progress.

In addition to the foregoing and in accordance with your suggestion, I met with Mr. Houghteling. He, in turn came in Tuesday morning and brought with him Mr. Leo Goodman, Washington Representative for United Retail, Wholesale and Department Store Employees of America, C.I.O. Goodman writes articles for their paper and he consented to insert in his column a reference to the reward paid by the Bureau for information relative to the collection of taxes. Mr. Goodman's organization represents upward of 40,000 employees.

In addition to the foregoing, representatives of the Bureau have contacted the office of Price Administration and secured from that office a list of concerns throughout the country who have been subject to fines for selling over ceiling prices. The following are a few examples:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific Mills</td>
<td>Boston, Mass.</td>
<td>$965,842</td>
</tr>
<tr>
<td>Koppers Co.</td>
<td>Newark, NJ.</td>
<td>$180,000</td>
</tr>
<tr>
<td>American Radiator</td>
<td>Pittsburgh, Pa</td>
<td>$219,000</td>
</tr>
<tr>
<td>Mars, Inc.</td>
<td>Kansas City</td>
<td>$515,000</td>
</tr>
<tr>
<td>Century Steel Corp.</td>
<td>Chicago, Ill</td>
<td>$100,000</td>
</tr>
<tr>
<td>Cantanzaro, Marie</td>
<td>Springfield Ill</td>
<td>$266,279</td>
</tr>
<tr>
<td>Petersen Wholesale</td>
<td>San Francisco, Calif.</td>
<td>$149,231</td>
</tr>
</tbody>
</table>

It is proposed to separate the tabulation into geographical districts corresponding to the agents' divisions and transmit the
Page 6

Memorandum

Secretary Morgenthau

applicable portion of the tabulation to the agents in that district for further investigation.

I am leaving for California, Tuesday April 3, where I will visit San Francisco and Los Angeles and set up the same arrangement in those cities as mentioned above. As the reports come in I will have them forwarded to Joe O'Connell, in my absence.
PRESENT AT MEETING IN COMMISSIONER’S OFFICE AT 10:00 A.M.
MONDAY, MARCH 28, 1949, TO CONSIDER PLAN FOR EXTRAMOOR
D AND PROSPECTIVE PROBLEMS OF DISCOVERING TAX PAYERS DURING
HEAVY SPENDING TIMES.

Mr. Joseph D. Hanes, Jr., Commissioner of Internal Revenue
Mr. Joseph J. O'Connell, General Counsel of the Treasury Department
Mr. J. P. VENABLE, Chief Counsel, Bureau of Internal Revenue
Mr. George J. Scholten, Assistant Commissioner of Internal Revenue
Mr. William T. Sherwood, Assistant Commissioner of Internal Revenue
Mr. Elmer L. Ivey, Chief Coordinator, Treasury Enforcement Agencies
Mr. Charles Clipps, Assistant General Counsel of the Treasury Department
Mr. Howard D. Cann, Deputy Commissioner in Charge of the Income Tax Unit
Mr. Vinton H. Self, Deputy Commissioner in Charge of the Accounts and Collections Unit
Capt. D. B. Blaas, Deputy Commissioner in Charge of Miscellaneous Tax Unit
Mr. V. H. Kennedy, Acting Deputy Commissioner in Charge of the Alcohol Tax Unit
Mr. Dwight Arts, Assistant Deputy Commissioner, Enforcement, Alcohol Tax Unit
Mr. V. H. Woolf, Head, Intelligence Unit

Field Officers

Collectors of Internal Revenue:
Mr. George Hofferbert, Baltimore, Md.
Mr. Denis V. Delaney, Boston, Mass.
Mr. Elias D. Campbell, Chicago, Ill.
Mr. Thomas W. Cary, Cleveland, Ohio.
Mr. Giles Evans, Detroit, Mich.
Mr. Joseph Mayor, Acting Collector, Philadelphia, Pa.

Internal Revenue Agents in Charge:
Mr. J. C. Wilson, Baltimore, Md.
Mr. E. W. Komstik, Boston, Mass.
Mr. R. C. Wright, Chicago, Ill.
Mr. R. C. Ochs, Cleveland, Ohio.
Mr. George M. Moel, Detroit, Mich.

Special Agents in Charge:
Mr. David A. Kelleher, Boston, Mass.
Mr. Arthur F. Medden, Chicago, Ill.
Mr. Albert C. Groome, Detroit, Mich. (includes Cleveland)
Mr. Alfred W. Fleming, Philadelphia, Pa.
Mr. John R. Cox, Washington, D.C. (includes Baltimore)

District Supervisors, Alcohol Tax Unit:
Mr. R. H. Tuttle, Baltimore, Md.
Mr. Wilford S. Almander, Boston, Mass.
Mr. E. O. Yarlow, Chicago, Ill.
Mr. Frederick L. Allard, Acting, Detroit, Mich. (includes Cleveland)
Mr. Robert D. Ford, Philadelphia, Pa.
MEMORANDUM FOR THE SECRETARY.

March 30, 1946.

Mail Report

Not in several months has there been so much mail or such interesting mail as that received this week. The press release reporting that Treasury men are checking tax dodgers brought a great deal of favorable comment and also a number of anonymous communications naming individuals and businesses which should be investigated. Quite an opposite reaction followed Walter Winchell’s broadcast that Nazi prisoners of war were being supplied with hearing instruments. There were only a few of these protests, but they were sharply worded and in nearly all instances carried the threat of no more bonds until such expenditures are ended.

With the approach of the San Francisco Conference, interest in the Bretton Woods plans is increasing, and the objectives of the two Conferences are often discussed in the same communication. While requests for information about the Bretton Woods proposals decreased this week, there were more frequent expressions of approbation and fewer of disapproval.

Correspondence about the Seventh Drive indicated that plans connected with it are going quite well. Fifteen further replies by mail to the telegram of March 18 only repeated the many assurances of success already received the preceding week. Also the letter of March 20 addressed to banking institutions had no cordial and cooperative answers, except for 2 or 3 from banks that complained of discriminations against them in types of bonds made available for their own investments.

Other mail was heavy and varied in subject, with routine bond inquiries running unusually high. Again a dozen families reported that their bonds, bought through the payroll deduction plan, have not yet been received. There were 4 gifts of bonds, not small and the other in the form of $3 bonds with a total value of $2,600.00.

Sincerely,

[Signature]

[Stamp]
across the border. Coming back into Nogales, Arizona, the Custom Official questioned me first as to my purchases. I showed him a pair of ornamental hair combs which constituted my only purchase. The cost was $1.50, and the official said I did not have to declare so small a purchase. The next person to be questioned was my sister-in-law, in the back seat, who declared only a few of her purchases to the official. I knew the merchandise was there and had every reason to believe it would be declared properly. I didn't even pay any attention to what she was saying, but was interested in the border activities. My automobile was seized and held and I have been ill ever since. This machine was my sole property, and was actually a part of my life. I live in the country, for my husband's health, where transportation is nil, and have suffered real hardship without it. * * *

A Soldier's Family, New York City. We were very much interested the other day to find that a still vigorous, husky veteran who went through some of the worst campaigns of the last war is just as bitter today about the way the doughboys were taken advantage of and cheated about the things they bought "over there" as if it had happened yesterday. Now, we hear it is happening all over again - American soldiers being paid in francs, instead of dollars - $5 francs to American soldiers, whereas $1.00 is worth 250. The American boys are beginning to find out about it. They want to know why they are paid in francs, why they are being given 1/6 of what their dollars are worth, why they are being exploited for the benefit of foreigners, and why their Government does not protect them, instead of mulet them? Won't you explain it to them over there? * * *

Edward G. Quinn, President, Division of Disbursement Lodge No. 878, American Federation of Government Employees, Philadelphia, Pennsylvania. We wish to extend our sincere thanks and congratulations for your letter of March 1, 1945, distributed with March 24 salary checks. The sentiments expressed in your last paragraph about the personal problems of the employees and the supervisor's duties in that respect scored a direct hit on the target...we cannot be too emphatic in expressing our appreciation of your attitude.

J. E. Keckley, Atlanta, Georgia. Your letter to employees of the Treasury Department has come to me, on the back of which is listed "Items of Employee Interest". I have carefully read and studied the contents, as to the manner that they will apply to the various groups of employees. * * * Another point in your letter is the within grade increments. And also for "superior accomplishments". These advances amount to little for those in the lower brackets. It takes, under the present law, about ten years to increase one's salary twenty-five dollars per month. And in these times with practically everything that the low bracket employee must buy being double the cost of what the items were in 1930, it is easy to see that the low bracket employee's dollar has greatly depreciated. This statement does not coincide with the report of the Bureau of Labor Statistics because he is not represented by that Bureau in arriving at percentages. You state that Senator Downey proposes a 15% added to base pay. Frankly, I do not feel that this bill will reach first base, in view of past reports of the Civil Service Commission and the Bureau of the Budget before House Committees. You state in the last paragraph that there is "reason for some optimism" concerning the bills you mention. Some of the bills will not benefit the many employees who have been in the same grade for 15 years and have reached the top of their grades, with no hope of promotion. There are some of this class in the Treasury Department. * * * Other statements and questions may be made and asked, but I feel that if this brings no results more would be useless.
Hymen Blumberg, State Secretary, American Labor Party, New York City. The American Labor Party fully endorses the position taken by you with respect to the Joint Report recently issued by the Bankers Associations. We strongly urge that you continue to expose all attacks, direct or indirect, upon the proposals agreed upon at the Bretton Woods Conference. ** Moreover, since we are convinced that the proposals agreed upon at Bretton Woods are not self-executory, the American Labor Party has prepared a program on World Trade implementing those proposals designed to consummate the objectives of that Conference. **

Unfavorable Comments on Bonds

Harry Bottorf, President, Central Trust Company, Owensboro, Kentucky. We received today your nice long letter of information regarding the Seventh War Loan Drive. We regret to have to advise you that unless we receive favorable action from the War Labor Board in regard to salaries which we may pay our clerks, we will not have sufficient number of experienced clerks to take care of our regular bank work, so we will not be in a position to cooperate in this Seventh War Loan Drive in the issuing of bonds. During the past four drives our sales to the public were as follows: $268,083.00, $118,900.00, $258,987.00 and $234,700.00. Since our request for permission to increase the salaries of some of our clerks, being Basket No. E-30449 filed with the W.I.B., Cleveland, Ohio, and their rejection of our request, we have lost three of our nine clerks. Since our salary rate is much lower than other classes of work and the Government Wage Rate is considerably higher than ours, it will be very difficult for us to retain our experienced help. We have made the second appeal to the W.I.B. at Cleveland and in case our request for increases are granted at once we hope to be able to secure and train clerks who will be capable of handling this work by the time this Seventh War Loan Drive opens. **

Ernest Sirkegan, Alvin, Texas. I am very much upset over not being able to cash some of my small denomination Series E Bonds at the Alvin State Bank in Alvin, Texas today. They are a member of the Federal Reserve Bank and said they could not be bothered cashing them. This brings me to the point of -- should I buy more bonds? If Federal law does not apply to all of the United States, a person loses his faith and pride in purchasing United States Certificates of Security. **
Stephen W. Ankenbrandt, Attorney-in-fact, Detroit, Michigan. Our son serving with the First Army on the Western Front, has written me a letter requesting that I cash his War Bonds for the reason he continually hears, in his present theater of operations, that the Government will freeze these bonds once the war is over. He owns bonds in the amount of $1,500.00. He has a fifty and a ten dollar bond deducted from his pay each month -- as a private first class and expert infantryman. He expects to establish a home of his own if and when he returns from this war. If it should come to pass that he does return home and finds these bonds frozen, where do I stand for my failure to comply with his request? A banking official advised me to cash the bonds. **

S. S. Greenhaut, Bronx, New York, New York. I am employed by a New York firm and when my earnings were invested the surplus in Series E Bonds on the payroll deduction plan. My wife is now the petitioner in a bankruptcy proceeding in the So. Dist. Court of New York. The trustee in bankruptcy, failing to find any assets belonging to my wife, resorted to annoying me. He has obtained an order requiring my employers to furnish the trustee in bankruptcy a record of all bonds purchased by me on the payroll deduction plan. ** In spite of the fact that I am not involved in this proceeding, my employers have threatened to discharge me because this causes them extra work at a time when they are short of help. Since my employer is only acting as an issuing agent for the Treasury Department, I have stopped all purchase of bonds. ** I have stopped all purchase of bonds pending your ruling on the question. **

The following letter was addressed to the President by W. A. Orden, Philadelphia, Pennsylvania, and referred to the Treasury for handling. ** We are urged to buy bonds and more bonds. It isn't fair to practically force people to buy bonds when they have already bought and signed up for as many as they can handle. Isn't it better to buy fewer bonds and keep them than to buy numerous bonds, just to satisfy our superintendents, bosses, managers, etc., and then be compelled to sell them in order to pay our grocery or insurance bills? ** Instead of forcing people who have a small income to buy more and more bonds to pay for a war we didn't want, why not start some economy in Washington? The ordinary people are sick of war and are hearing all about the waste in Washington and overseas. **

J. A. Getch, Clearwater, Florida. I just heard Walter Winchell's news broadcast over the radio. He reported that Nazi prisoners were being supplied with the best of food. Well, Mr. Morgenthau, I was in several German Prison Camps that were not fit for a clean, healthy pig to live in. Now it is O.K. with me if the rest of the people in the U.S.A. wants to let you use their money that way, but I don't think our only son, who has been serving in the Southwest Pacific for the past year, also in the Marine Corps, would exactly approve of the idea. So, from here on out I buy no more War Bonds. I get one each week...if you continue to hand out my dough to the War Department for such purposes. And thank God we live in a country where we can say so without fear of having the Gestapo at the door within the hour. That is what our son is fighting for now. **

Henry G. Wincor, M.D., F.A.C.S., New York City. Last night over the radio Walter Winchell announced that the Commissary at a War Prisoner Camp in Oklahoma was furnishing hampers as an issue to German war prisoners who complained that their hearing was impaired because
of artillery fire. The group at the home where I was
listening to this announcement were incensed and out-
raged at the thought that our funds -- War Bond money,
etc. -- were being used to coddle German prisoners when
our own boys on the other side were so brutally mis-
treated by their captors. Certainly, such over-
delusions to these brutalized Nazis is not an incentive
to buy more War Bonds, nor to retain those which we have.
I feel that the Government owes an explanation to its
public and that the Comrade in that prison camp should
be the same if our money is wasted on these brutal
people. When my boy is drafted into the Army, and I buy
War Bonds even to the extent of giving up necessities
I feel that this money should not be wasted on
those prisoners who are anxious to destroy us. I am
sure that Mr. Winchell would not make such a public
statement over the radio if it were not properly sub-
stantiated.

Charles H. Wightman, President, Granite Savings Bank and
Trust Company, Barre, Vermont. I have received your
circular letter dated March 20th reciting facts relative to the
Seventh War Loan Drive and requesting our con-
tinued cooperation. We pledge the same loyal support
that we have shown during all past War Drives. However,
you have arbitrarily defined commercial banks as "banks
accepting demand deposits" and will not permit such
"commercial banks" to own the 20 percent or 30 percent
bonds offered in the Drive, until within ten years of
their respective maturity dates. We consider your rul-
ing arbitrary and imperious. This Bank is primarily a
savings bank -- over 60 percent of its total deposits
being savings deposits and approximately 15 percent
commercial deposits. We much prefer to have our savings
depositors subscribe directly for Government bonds and
securities, but if those savings depositors fall to so
choose, this Bank should have the right to invest its
savings deposits in the same securities which you
permit other savings institutions to own. We strongly
disapprove your ruling and will appreciate your reasons
therefor.

Benjamin Fischler, Counselor at Law, New York City.
My son, a navigator on a B-17, together with the rest
of his crew, have been missing for quite some time in
a flight between Newfoundland and Scotland. I and
other fathers similarly situated, as well as all
parents of our boys who must steel themselves to the
Iron endurance in far flung lands, in this bloodiest
war to defend the ideals of America, experience the
most bitter range of disillusionment when we come
across those who have not only maneuvered and connived
to evade anything resembling a sacrifice in the war
effort, but, on the contrary, have used the war to ex-
plot their fellow Americans. It is not too easy
to restrain the painfully cynical thought that the re-
morse of crime is a vacation of orgy and gambling in the
sunshine of Florida, and the reward of patriotism is a
foxhole, a shattered leg, or a distant grave. It is
therefore some mitigation of this ugly pain to note
your effort to bring to justice those gamblers, black
marketeers and others to whom the war has been a Utopia
and a racketeer's paradise, where the people and the
Government have, so far, been such easy prey.

S. W. Manguard, President, Dickey-Manguard Company,
Insurance, Real Estate, Mortgage Loans, Surety Bonds,
Atlanta, Georgia. I have just read the enclosed article
in the Atlanta Constitution of March 22nd and I want to
congratulate you and your Department in ordering a drive
to crack down on the black market "free spenders" re-

Regarded Unclassified
Unfavorable Comments on Taxation

George D. McClintock, Fagre & Benson, Minneapolis, Minnesota. A recent Kiplinger's letter has directed my attention to the fact that one of the large shell order houses is giving consideration to changing to the cooperative form. The effect, if not the object of such a change will be the elimination of corporate income taxes. This is only one of a number of such instances that have come to my attention through the public press. The trend is disturbing. No doubt the Congress alone is responsible for the laws which permit large enterprises to carry on business in a corporate form and still not pay a just share of corporate income taxes. However, since the revenue is involved, it would seem that it is a matter that very appropriately should be called to the attention of the Congress by the Treasury Department. If a check is not made, the trend will continue and in order to maintain revenue sufficient to support the Government, the burden upon the remaining taxpayers will become unbearable.

Mrs. M. Cahn, Brooklyn, New York. I received an income tax refund check made out to my husband, who is overseas. At the income tax bureau on Livingston Street, Brooklyn, New York, they gave me Form #5669 to send to my husband, giving me the Power of Attorney to sign that check. With that Power of Attorney both the Dime Savings Bank and the Bank of Manhattan refuse to accept the check, even for deposit. I have two small children and I live alone, so I cannot travel out of my neighborhood to get this check cashed. What would you suggest I do with this check?

B. M. Lenz, Portland, Oregon. I am writing you to enter a protest on the amount of money the Collector of Internal Revenue at Portland says I owe the Government on my income. I filed an employer's statement, claimed exemptions for wife, son and myself. Tax should...
have been $272.00. Collector says $372.00. Instructions on how to fill out income returns say if a person makes less than $500.00 they should file a return to get the amount back. Mrs. Lenz got a check for back wages, $27.94, and $6.58 was withheld. We filed to get this return. Instructions say that if you pay more than half of a person's keep, you can claim them for an exemption, provided they are listed as bona fide dependents. With my wife's income only $27.94, you can see someone had to clothe, feed, and take care of her, but the Collector says not, because she filed to get the $6.58 back. Collector will not let us clarify our return to get the matter straightened out. Says we made own decision and we are stuck. Also said that if we didn't like it we could write to Washington, D.C. I don't like it -- their attitude in Portland, or anything they have done so far. We sent in our returns in plenty of time to have had them back before this, but they informed us they were deciding when and where to send them. Also laughed at us and said they were catching plenty of others the same way. * * *

March 30, 1946

Dear Lieut. Putselli:

In secretary Morgenthau's absence from Washington, I am acknowledging receipt of your two letters of March 29th, one of which transmitted radiotelephone message PBSO from Berno, and the second, the document 'public gas supply in north-west Germany'. These will be brought to Dr. Morgenthau's attention when he is back at his desk.

Yours sincerely,

(Signed) H.S. Klotz
H.S. Klotz,
Private Secretary.

Lieut. A. J. Putselli, Jr.,
Acting Executive Officer,
Office of Strategic Services,
Washington, D.C.
Honorable Henry Morgenthau, Jr.
The Secretary of the Treasury
Treasury Department
Washington, D. C.

My dear Mr. Secretary:

Perhaps the attached document entitled "Public Gas Supply in Northwest Germany" will be of interest to you.

It was prepared by our Research and Analysis Branch and is dated April 17, 1944.

Respectfully yours,

E. J. Putzel, Jr.
Lt. Col., USSR
Acting Executive Officer

Enclosure

17 April 1944

This document contains information affecting the national defense of the United States within the meaning of the Espionage Act, 50 U.S.C. 31 and 32 as amended. Its transmission or the revelation of its contents in any manner to an unauthorized person is prohibited by law.
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Public Gas Supply in Northwest Germany

I. PRINCIPAL TRANSMISSION NETWORKS

A. INTRODUCTORY NOTE.

Many communities in Northwest Germany obtain their entire public gas supply from pipelines which carry the gas to them from a distance. Other cities, although having gasworks in their immediate vicinity, are situated on transmission lines and hence can draw part of their normal supply—or greater quantities in emergency—from these lines. Thus, although the supply of public utility gas is generally considered to be a purely local problem, it cannot be treated as such in Northwest Germany.

The principal networks extend beyond the limits of Northwest Germany as defined for this study. As a result it is necessary to describe them without reference to those boundaries, except insofar as detail concerning the outside sections of the networks can be omitted without distorting the picture. The most extensive system of transmission lines is the Rheinland-Westfalen network, which carries the surplus gas of the coal industry in the Ruhr. A second system, handling much smaller quantities of gas, is the Central German network. These two systems are given separate consideration below. In addition there is a number of still smaller networks radiating from large city gasworks such as those of Hamburg, Halle, and Erfurt. As both the source of supply and the bulk of the consumption in such developments are within the central cities themselves, these networks are described in connection with the local supply of the large cities concerned.

May 30–79 shows these transmission lines in Northwest Germany the completion of which is confirmed by published German sources. Ambitious projects existed for the interconnection and extension of these lines to form a single integrated system. One such project, providing for the supply of gas to Berlin from the coal plants of the Recknitzwerke Hermann Gising in the Selznick area, would probably have involved the construction of a connection between the two principal networks near Selznick. A number of different companies are involved in the operation of each of these networks. To present a clear picture of the actual structure of the networks, however, the physical facilities are here described primarily for each network as a whole with only brief reference to ownership. The role of the individual companies is outlined subsequently.

B. THE RHEINLAND-WESTFALEN NETWORK AND RUHR COKE-OVEN GAS.

I. IMPORTANCE.—For the gas supply of the Rheinland-Westfalen area, coke-oven gas is more important than gas produced in local gasworks. This is a result of the fact that a large percentage of the German coke industry is concentrated in this area, at the Ruhr coal mines. In order to provide a profitable outlet of the byproduct gas for the coke plants, a system of interconnected gas-transmission pipe lines was developed by Ruhrgas AG and other companies. The greater part of this surplus gas is piped to industrial plants which use it for their heating purposes. Large quantities also go to cities, however, and there are only a few city enterprises in the area which produce their own gas. Most of the municipal gasworks are merely distributing agencies for gas purchased from coke plants.

Thus, while in Germany as a whole gas purchased from coke plants amounts to only about one-fourth of the total amount distributed by city gasworks, the situation in Rhein Province and Westfalen is radically different. Table I shows the relation between gasworks and coke-oven production for city supply in these two provinces in 1930, leaving out of account the even greater quantity of coke-oven gas which were sold directly to industries.

<table>
<thead>
<tr>
<th>Province</th>
<th>Coke-Oven Gas Produced (in M. cu. ft.)</th>
<th>Coke-Oven Gas Distributed (in M. cu. ft.)</th>
<th>Coke-Oven Gas Sold Directly (in M. cu. ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rhineland-Westfalen</td>
<td>250,000,000</td>
<td>120,000,000</td>
<td>130,000,000</td>
</tr>
<tr>
<td>Ruhr</td>
<td>300,000,000</td>
<td>150,000,000</td>
<td>150,000,000</td>
</tr>
</tbody>
</table>

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2

In Westfalen, 70 percent of the public utility gas distributed comes from coke plants—a greater proportion than in any other part of Germany. The Rhine Province, with 65 percent, is a close

second. Practically the entire supply of coke-oven gas comes from the Ruhr. The situation in the two provinces differs from that in the rest of Germany in that local gas supply is largely dependent on (2) the coke industry, which produces the gas and (2) the pipeline system, which brings it within each city not actually in the coke-producing area. Furthermore, as a result of the expansion of the Ruhr network beyond the boundaries of the two provinces, the same situation exists in certain cities of the provinces of Hesse and Hesse.

To be sure, "city gas supply" is not entirely synonymous with "domestic" or "nonindustrial" gas supply. Of the total amount of city gas delivered annually in Westfalen, 69,000,000 cu. m.
goes to industry; of that in Rhine Province, 106,000,000 cu. m. (1936) there still remains, however, a substantial fraction of coke-oven gas used for domestic purposes and street lighting, a figure which is significant only when compared with the huge quantities of gas produced and consumed by the Ruhr industries themselves.

Particularly in the case of Westfalen, it is necessary to further point out that coke-oven gas supplies are not synonymous with supply from any great distance. It is estimated that about half of the city gas distributed in Westfalen is produced at coke plants located within 15 kilometers of the city served, about a quarter is manufactured by ordinary city gasworks, and only about a quarter is actually transported over a distance greater than 15 kilometers.

2. Sources of Gas: the Ruhr Coke Plants.

a. Quantity of Gas Available.—The quantity of gas produced by coke plants in the Ruhr exceeds the sum of coke plant production outside the Ruhr and gasworks production in all Germany. Table 2 shows the trend and detail for the 5 years 1932-37.

<table>
<thead>
<tr>
<th>Year</th>
<th>Coke Plants</th>
<th>Gasworks</th>
<th>Total Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1932</td>
<td>5,000,000 cu. m.</td>
<td>3,000,000 cu. m.</td>
<td>8,000,000 cu. m.</td>
</tr>
<tr>
<td>1933</td>
<td>5,500,000 cu. m.</td>
<td>3,500,000 cu. m.</td>
<td>9,000,000 cu. m.</td>
</tr>
<tr>
<td>1934</td>
<td>6,000,000 cu. m.</td>
<td>4,000,000 cu. m.</td>
<td>10,000,000 cu. m.</td>
</tr>
<tr>
<td>1935</td>
<td>6,500,000 cu. m.</td>
<td>4,500,000 cu. m.</td>
<td>11,000,000 cu. m.</td>
</tr>
<tr>
<td>1936</td>
<td>7,000,000 cu. m.</td>
<td>5,000,000 cu. m.</td>
<td>12,000,000 cu. m.</td>
</tr>
</tbody>
</table>

Leaving out of the picture the coke-oven gas used by the coke plants themselves in 1937, leaving 5,250,000,000 cu. m. of the total for outside distribution. Table 2 shows in detail the quantities produced and those consumed for the years 1932-37. The table also shows the upward trend of coke-oven gas production during the latter part of the period, when the coke industry in the Ruhr. The coke industry in the Ruhr, which produces coke-oven gas when its deep pits are exhausted, has moved forward during this period. The last item in the table shows the increase in production of coke-oven gas outside the coke plants themselves. This movement occurred primarily in (1) the integration and expansion of existing transmission lines to form a united network, and (2) the gradual replacement of outdated oxides with modern types which permitted the use of coke-oven gas for tunneling.

b. Number, Location, and Size of Plants.—In 1937 there were 84 coke plants in operation in the Ruhr, all but 4 located at coal mines. Coke and gas production were concentrated to a considerable extent in the Ruhr, while the production of purified gas was even more concentrated, as shown in table 3.

TABLE 3—Relation of Ruhr coke plants in terms of coke production, gas production, and gas purification in 1937

<table>
<thead>
<tr>
<th>Coke Plants</th>
<th>Gas Plants</th>
<th>Purification Plants</th>
</tr>
</thead>
<tbody>
<tr>
<td>84</td>
<td>80</td>
<td>78</td>
</tr>
</tbody>
</table>

It was estimated in 1938 that new construction would alter the proportion for that year as shown in table 5.


c. Coke Material.—The coke plants normally carbonize coal from the mines at which they are located. One instance of a central coke plant still uses coal from other mines belonging to the same company. They ordinarily use bituminous coal with a moderate content of volatile substances and good coking properties. Mixtures of "narrow" coal and gas coal have been added successfully on a small scale.

German coke coal differs from American coal used for this purpose in having a higher moisture content (10-12 percent as against 4-5 percent in American coal), because, in contrast to American practice, the coal is usually washed.

d. Equipment.—German coke-plant equipment is less standardized than American. An old but detailed comparison of the two is in the American edition of Lund's "Handbook of the Coal Industry," New York, 1932. The trend in recent years has been toward the building of larger units, with particular emphasis on the "concentration" type of regenerative heater, which can be heated either with coke-oven gas or with gas of lower calorific value (from blast furnaces or from separate producer-gas generating units using coke or inferior coal).

The coke plants receive the hypodermic tar, ammonia (generally as ammonium sulphate), and benzol. Many of them have their tar distillation and benzol refining, and a smaller number have other special processing plants.

The further processing of gas which is to be distributed outside the plant is carried on at the coke plants. Thus, in many instances the necessary equipment is owned or financed by the companies which control the pipe lines rather than by the mining companies which own the coke plants, operation is in the hands of the coke plants themselves.
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Most of the plants used the standard "dry" iron-oxide process to purify the gas (removing hydrogen sulfide), but some large plants used "wet" processes such as the Thryax process. In 1937 about 77 percent of the gas produced was treated by the dry process, while it was estimated that new construction would raise this figure to 80 percent.

RHRGAS constructed a special plant in Gelsenkirchen-Horst to separate sulfur from the gas. This plant produced 7,402 tons of sulfur per year from its number coke plants. This plant shipped 7,402 tons of sulfur per year from its number coke plants. This plant shipped 7,402 tons of sulfur per year from its number coke plants.

In addition to the normal purification process for gas, iron-oxide gas intended for long-distance transmission is further purified to remove constituents which interfere with transmission. For this final purification, RHRGAS plants employ a process developed at the Mochon-Stulats plant. After compression the gas is passed through a bath of special oil heated to 410°C, and then refrigerated.

3. The Network—Map 30-72 shows the lay-out of the main lines of the Rhine-Ruhr network. From its center in the Ruhr district the network extends east as far as Aachen, west to the left bank of the Rhine, and north to the Dutch border, and south to Frankfurt A. M.

This network includes the following main lines:

a. Hanover Line: Hannover-Buckeburg—Hanover (RHRGAS).—This line is fed by coke plants near Hanover and also by one near plant near Hannover. (See maps A, 8, Hanover Group.)


The main line, which is 140 kilometers long, came into operation in 1939. It was planned to construct it of 400-millimeter pipe, of sufficient strength to bear 30 atmospheres pressure. It was expected to operate the line at only 10 to 20 atmospheres at the start, but sufficient compression equipment was to be provided for 12 atmospheres. About 20,000,000 cubic meters of gas per year were to be supplied to the Hanover end of the line. To 25,000,000 from the Hannover plants and 10,000,000 from the plant near Hanover. The quantity of gas actually distributed in Hanover in 1939 corresponded closely to these plans.

A medium-pressure line of earlier construction (Ueberber) supplies Münster from one of the Hanover plants, and another line (VrE) runs from the main line to supply one from Altena. There are also some small branches of the main line supplied the insens (Nordhein), (Westfalen), (Münster), (North Rhine-Westphalia), and Verden (WES).

South Westfalen Line: Dortmund—Hamm—Dülmen—Düsseldorf—Hamburg—Bremen—Kiel—Flensburg—Köln (RHRGAS).—This line is fed by coke plants near Dortmund, including the Hanau, Hagen, and probably the Waalburg plants. (See maps A, 7, Dortmund Group.)

This line is of particular importance for the iron works of southern Westfalen. It also supplies the towns of Witten, Bochum, Herford, Altena, Wittenberg, Obersalzberg, and Plettenberg. It was planned to construct the Dortmund—Wesel line of different sizes of pipe ranging from 700 to 900 millimeters in diameter, as follows: Dortmund (Hanau plant) to Nachstatt, 38 kilometers, 700-millimeter diameter. Nachstatt to Plettenberg, 53 kilometers, 600-millimeter diameter. Plettenberg to Sigen, 67 kilometers, 600-millimeter diameter. Sigen to Witten, 31 kilometers, 600-millimeter diameter. The line to Witten was to operate at 5.2 atmospheres at first, with compression equipment for raising the pressure to 7 atmospheres at maximum.

The section between Sigen and Witten was not commenced until 1936. Its completion is indicated by a map of 1936 and confirmed by the length of the RHRGAS network between 1936 and 1939. Plans made much earlier (about 1926) for such a line provide the pressure point at 30 atmospheres at having having being corrected by the new Thryax process at Neufeldt (44 kilometers north of Sigen) so Sigen itself to such a pressure, was to be a second line from Neufeldt to Sigen, and this line is from the line through Isseloh and Mengden to Mönchengladbach, with subsoil—shown on map 30-76—to Fröndenberg and Wiekeke. The 38 kilometers from the main line to Hussein was to be of 700-millimeter pipe.

4. Main West Line (North Rhine): Gelsenkirchen—Oberhausen—Düsseldorf—Hamm—Köln (RHRGAS with THYSEN).—Fed by the coke plants in the Gelsenkirchen area (Prosper, Evon, Neukirchen, Zollverein, Altena, Mathie Stein, Friedrichs-Hütte, Konig-Winterhude, HIHL), this line receives additional supplies from the line above. The line is the main line to 530-millimeter pipe, with some 500-millimeter pipe from the Hanover End of the line. The line to 250-millimeter pipe, and the main line to 200-millimeter pipe.

Each section of a given line is fed by coke plants in the area served by that section. The section of the Hanover Line between Buckeburg and 250-millimeter pipe. The section of the Hanover Line between Buckeburg and 250-millimeter pipe. The section of the Hanover Line between Buckeburg and 250-millimeter pipe. The section of the Hanover Line between Buckeburg and 250-millimeter pipe.
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meters are from 300 to 400 meters in diameter, and the rest are smaller. Those laid before 1926 were designed for operating pressures of between 3 and 4 atmospheres, while those laid in 1926 were designed for pressures as high as 20 atmospheres. In general, the RUGHAS lines were planned with a 20-year life in view.

b. Compressors.—(1) Location.—Compressor equipment for the Rheinds-Westfallische network is generally located at the coke plants which supply the gas. The RUGHAS system in 1917 had 22 compressor stations, as compared with 28 stations at which the gas-supplying coke plants were located. At least 18 of these compressor stations were located at coke plants. At least one was an intermediate compressor station designed to raise the pressure in a pipe line at a point remote from the place of production. The compressors for the north and south THYSSEN lines were situated at the coke plants at the company’s facilities in Hamborn.

(2) Operation.—The total capacity of the 22 RUGHAS compression stations in 1917 was 575,000 cubic meters per hour, a figure which exceeded the actual requirements at that time. Most of the detailed information available is for an earlier date (1930), with the result that the compressor capacity detailed for individual plants is more accurate for more than half the reported 1937 total (unless this is assumed to include THYSSEN equipment as well as RUGHAS, owing to the interconnection of lines).

c. Type.—Rotary positive-displacement and turbo-compressors were used, but the piston-type was most common. Similarly, although both gas and electricity were used to supply motive power, most of the compressors were steam-driven. The steam-driven, piston-type compressors proved most practical for handling large amounts of gas at several atmospheres pressure. Gas-driven equipment was suitable only where a constant large supply of coke-oven gas could be counted on. For smaller plants, electrically driven positive-displacement compressors proved serviceable for pressures as high as 2-2.5 atmospheres.

(4) Pressure Elevated.—A 1938 source gives the highest pressure authorized in the RUGHAS system as 25 atmospheres and the highest pressure actually used as 6-7 atmospheres at the pressure gage. Presumably there has been a tendency since that time to work with higher pressures to meet increased demand. On the other hand, the portions of the network which were in operation before the construction of the RUGHAS lines (e.g., north and south THYSSEN lines) may still operate at pressures considerably below these.

(5) Adjustment to Demand.—A principal difficulty experienced in long-distance transmission is to keep expenditures for compressing the gas at a minimum and yet maintain pressures high enough for the consumer at the end of the line. In the case of the RUGHAS network, with its long lines and multiple sources of supply, the task is particularly difficult. It was not necessary, however, to provide for as great fluctuations in demand during the day as in the case of typical city networks. The heavy pressure of industrial consumption and the magnitude of the system tended to create a more even consumption pattern in the RUGHAS systems. The storage capacity of city systems supplied and of the high-pressure pipe lines proved more able to compensate for fluctuations in demand.

Nevertheless, demand varied greatly from day to day. In part this difficulty was met by a system of weekly notices from large-users, which enabled the company to compete with an advance notice of no more than 48 hours, and with a special charge if a special purchase order was placed by the individual consumers. These purchases, however, were not reliable, because of changes in the operations of plants, which were sometimes explained to the individual consumers.

(6) Telecommunication.—To maintain an even pressure in spite of unforeseen demands, electrically driven remote-measuring devices and special telephone lines were employed. A defective cable for telegraphing and a cable for direct communication were laid through the pipe to the city lines and connected with the apparatus at the time the RUGHAS lines were constructed. Pressure-recording stations were placed at intervals along the lines. A central station received readings not only from the various pressure-recording stations but also from apparatus connected to measure volume and calorific value at the various coke plants. The central station had direct telephone communication with the compressor stations, various points along the pipe, and the points of heaviest consumption as well as with the repair crews.

(c) Storage.—To handle shortages in demand without interfering with the even operation of coke plants, coke was stored in holders. These are generally located at the coke plants, but in some instances there are also holders at the end of the line, which fulfill the same function as intermediate compressors. Advantage is taken of the decrease in demand during winter hours to fill the holders.

6 The gasholder capacity of the network is proportionally less than that of a city system. In 1930 the total gasholder capacity of the Rheinds-Westfallische network was about 1,250,000 cubic meters. Since that time capacity has increased by at least 350,000 cubic meters (the combined capacity of 3 individual large holders at the Hames, Kleeberg, and Benathener coke plants).

Most of the network gasholders are tall dry-disk type holders (in contrast to the telescopic type holders which are used in cities). Some of the individual holders are extremely large. The largest of all—largest in the world—was erected between 1927 and 1929 at the Netteisen plant in Gelsenkirchen-Horst. It was a dry-disk type holder. 500,000 cubic meters capacity, a total height of about 189 meters, and a diameter of 82 meters. One unusual feature of this holder was that it was not enclosed in the foundations but only loosely put on.

(d) Gas "Drying" and Use for Underfiring.—When the main RUGHAS lines came into operation, the gasholder capacity of the plants was adequate to store for later use all of the surplus gas which was available on Sundays, holidays, and nights. This gas was therefore used not only for underfiring or heat but for less economical purposes around the coke plant, principally underfiring. Increasing consumption by heavy industries operating 24 hours a day has partially alleviated this difficulty considerably, but 1937 statistics (see table 3) above indicate that large quantities of gas were still "dried up" in this way.

(c) Inspection, Maintenance, and Repair of Pipe Lines.—Grades were also placed along the pipe lines. The private telegraph cable laid with the mains was used for communication between the various plants. The private telephone communication between the various plants.

(c) Inspection, Maintenance, and Repair of Pipe Lines.—Grades were also placed along the pipe lines. The private telegraph cable laid with the mains was used for communication between the various plants. The private telephone communication between the various plants. The private telephone communication between the various plants.
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b. Proportion of Coke-Oven Gas Delivered to Plants in the Same Combine as the Coke Plants.—A large proportion of Ruhr coke-oven gas, whether delivered immediately to the consumer or indirectly through gas-transmission companies, is consumed in plants which belong to the same combine as the coke plant where the gas is manufactured. Large concerns such as Vereinigte Stahlwerke and Mannesmannwerke Werk own or control both coke plants and gas plants. Gas and heavy industrial enterprises which consume coke-oven gas are generally located near the coke plants, while the gas is transported to the others through the network of gas-transmission companies. Published statistics distinguish between the quantities of gas delivered from coke plants to related plants and the quantities delivered to consumers outside the combine, as shown in Table 7. In this table the proportion of each which is carried by the gas-transmission companies is also indicated.

Table 7—Proportion of Coke-oven Gas Delivered to Plants in the Same Combine as the Coke Plant, 1935–37

<table>
<thead>
<tr>
<th>Year</th>
<th>Coke Plants Own Gas</th>
<th>Coke Plants Own Transmission</th>
<th>Coke Plants Own Gas Delivered</th>
<th>Coke Plants Own Gas Delivered to Other Combines</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>75%</td>
<td>25%</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>1936</td>
<td>80%</td>
<td>20%</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>1937</td>
<td>85%</td>
<td>15%</td>
<td>45%</td>
<td>55%</td>
</tr>
</tbody>
</table>

The table includes data on sales deliveries and for other sales and deliveries to which we have no further data for the period covered. While these are very small, deliveries through gas-transmission companies are important for export purposes.

Table 8—Trends in Delivery of Coke-oven Gas by Improved Gas-Transmission Companies

<table>
<thead>
<tr>
<th>Year</th>
<th>Coke Plants Own Gas</th>
<th>Coke Plants Own Gas Delivered</th>
<th>Coke Plants Own Gas Delivered to Other Combines</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>75%</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>1936</td>
<td>80%</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>1937</td>
<td>85%</td>
<td>45%</td>
<td>55%</td>
</tr>
</tbody>
</table>

Table 9—1935 Deliveries of Coke-oven Gas by Improved Gas-Transmission Companies

<table>
<thead>
<tr>
<th>Year</th>
<th>Coke Plants Own Gas</th>
<th>Coke Plants Own Gas Delivered</th>
<th>Coke Plants Own Gas Delivered to Other Combines</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>75%</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>1936</td>
<td>80%</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>1937</td>
<td>85%</td>
<td>45%</td>
<td>55%</td>
</tr>
</tbody>
</table>

Thus it may be seen that over half of the gas handled by the gas-transmission companies is merely transported for such combines, not actually bought and resold. The companies, however, do not ordinarily distinguish between the two types of transaction in reporting the quantities of gas they deliver to industrial and municipal consumers.

d. Industrial and Municipal Delivery.—Only a small proportion of the coke-oven gas is distributed through municipal gas supply companies. Most of it, whether transmitted through the network or delivered to nearby plants, is consumed by industrial enterprises. Table 9 is a compilation of data on delivery figures for four gas-transmission companies, showing the predominance of comparatively small quantities of gas. Table 10 gives a more detailed breakdown of delivery figures for the year 1936, showing the dominance of heavy industry within the field of industrial consumption, while even the municipal sales include considerable quantities sold to industrial consumers within the towns covered. Table 10 shows the same relationship between industrial and city consumption holds good for deliveries made directly from coke plants to local consumers.

Table 10—Industrial and Municipal Consumption of Gas Supplied by Coke Plants Directly to Consumers

<table>
<thead>
<tr>
<th>Year</th>
<th>Coke Plants Own Gas</th>
<th>Coke Plants Own Gas Delivered</th>
<th>Coke Plants Own Gas Delivered to Other Combines</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>75%</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>1936</td>
<td>80%</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>1937</td>
<td>85%</td>
<td>45%</td>
<td>55%</td>
</tr>
</tbody>
</table>

Table 11—Sales and Consumer Groups of the Ruhrgas AG, 1933–35

<table>
<thead>
<tr>
<th>Year</th>
<th>Coke Plants Own Gas</th>
<th>Coke Plants Own Gas Delivered</th>
<th>Coke Plants Own Gas Delivered to Other Combines</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>75%</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>1936</td>
<td>80%</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>1937</td>
<td>85%</td>
<td>45%</td>
<td>55%</td>
</tr>
</tbody>
</table>

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C. CENTRAL GERMAN NETWORK

1. Importance and Scope

The Central German network is used to describe the system of gas transmission lines in Central Germany which is physically connected with the large gas and coke works at Magdeburg-Rothenhain and controlled by a group of financially interconnected companies. Unlike the Rhineland-Westfalian network, the system is independent of the coal trade and has been developed by the gas and coke works in the Central German network. It consists of 117 gas and coke works, the largest of which is the Magdeburg-Rothenhain plant, and produces more than 100 million cubic meters of gas annually.

The network is supplied by 3 major gas fields, with 3 smaller fields in the region. The largest gas field is located near Magdeburg, and supplies approximately 60% of the network's needs. The second largest gas field is located near Halle, and supplies approximately 25% of the network's needs. The third largest gas field is located near Leipzig, and supplies approximately 15% of the network's needs.

The network is connected to the Rhineland-Westfalian network through two major transmission lines, one from Magdeburg to Leipzig and another from Halle to Magdeburg. These lines are approximately 300 kilometers long and have a capacity of 200 million cubic meters per year.

The network is also connected to the Moscow network through two major transmission lines, one from Magdeburg to Berlin and another from Halle to Dresden. These lines are approximately 200 kilometers long and have a capacity of 100 million cubic meters per year.

2. Sources of Supply

The principal source of supply for the Central German gas network is the gasworks of Magdeburg-Rothenhain, which supplies approximately 60% of the network's needs. The remaining 40% of the network's needs is supplied by the gasworks of Halle and Leipzig.

The gasworks of Magdeburg-Rothenhain is a large, modern facility with a capacity of 200 million cubic meters per year. The gasworks is located near the city of Magdeburg and is connected to the network through two major transmission lines, one from Magdeburg to Leipzig and another from Magdeburg to Halle.

The gasworks of Halle is a smaller facility with a capacity of 50 million cubic meters per year. The gasworks is located near the city of Halle and is connected to the network through a major transmission line from Halle to Magdeburg.

The gasworks of Leipzig is a smaller facility with a capacity of 20 million cubic meters per year. The gasworks is located near the city of Leipzig and is connected to the network through a major transmission line from Leipzig to Magdeburg.

3. Types of Plants

The Central German network is made up of two types of plants, gas and coke works. The gas plants are responsible for producing gas from the gas fields, while the coke works are responsible for producing coke from the coal fields. The gas plants are located near the gas fields, while the coke works are located near the coal fields.

The gas plants are large, modern facilities with a capacity of 100 million cubic meters per year. The gas plants are connected to the network through major transmission lines, which transport gas to the coke works.

The coke works are smaller facilities with a capacity of 20 million cubic meters per year. The coke works are connected to the network through minor transmission lines, which transport coke to the gas plants.

4. Operations

The operations of the Central German network are controlled by a group of financially interconnected companies, which own and operate the network's facilities. The companies are responsible for maintaining the network's infrastructure, including the transmission lines, gas plants, and coke works.

The companies are also responsible for ensuring the network's reliability, including the maintenance of the network's facilities, the scheduling of gas and coke production, and the allocation of gas and coke to the network's customers.

The companies are also responsible for ensuring the network's profitability, including the pricing of gas and coke, the collection of fees from customers, and the allocation of profits to the companies.

5. Customers

The Central German network serves a wide range of customers, including industrial customers, municipal customers, and residential customers. The industrial customers include large industrial customers, such as steel mills and chemical plants, while the municipal customers include cities and towns, and the residential customers include households and small businesses.

6. Future

The Central German network is expected to continue to grow in the future, as new gas fields are discovered and developed, and new coke fields are opened. The network is also expected to become more integrated, as new transmission lines are built, and new facilities are added to the network.
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New sources of supply were also sought. An agreement was made with A.G. HOLZBACHNER, Waal for the purchase of large quantities of steam coal, beginning with 50,000,000 metric tons a year, from a new plant at Hülshoff, near Leipzig. This plant was to supply the Leipziger Holzbrücker Koks, a new company, together with a Hülshoff plant which supplied coal to the city of Leipzig. This process included principally the production of high-quality coke from silver deposits near Berlin, and the coke was used in the production of electric power. The plant was to be operated at high pressure, ready for transmission.

Somewhat further down the raw material supply chain, the Ruhrgoerke Herrenfingen coke production was in the Salzgitter area. There was another potential source of coke, and an agreement was announced concerning the installation of a plant to supply coke to the Ruhrgoerke and the nearby city of the Central German network. This agreement further enhanced the Ruhrgoerke's ability to meet the demand for coke. The company would also operate a plant to supply coke to the city of Leipzig, as well as other cities.

Multiple connections were in place, with the Ruhrgoerke Herrenfingen coke production in the Salzgitter area. A new plant was constructed to supply coke to the city of Leipzig, as well as other cities. The agreement with Waal for the purchase of steam coal provided additional sources of supply, allowing the city of Leipzig to diversify its sources. The city of Leipzig was connected to the Ruhrgoerke Herrenfingen coke production, and the city of Salzgitter was connected to the Salzgitter area.

The city of Leipzig was well-connected, with connections to multiple sources of supply, allowing it to meet the demand for coke and steam coal. The city of Leipzig was also connected to the Ruhrgoerke Herrenfingen coke production, providing an additional source of supply. The city of Salzgitter was connected to the Salzgitter area, allowing it to meet the demand for coke and steam coal. The city of Leipzig was well-connected, with connections to multiple sources of supply, allowing it to meet the demand for coke and steam coal.
II. LOCAL GAS-SUPPLY ENTERPRISES

A. IMPORTANCE OF LOCAL MANUFACTURE

Although a relatively high proportion of the public-utility gas consumed in Northwest Germany is carried from the point of manufacture to the point of consumption by transmission networks, the bulk of public supply for household use, street lighting, and small industry is manufactured in local works situated in the community where the gas is distributed. In 1936, 222 gasworks in the area manufactured 786,223,000 cubic meters of gas, as compared with 289,316,000 cubic meters of byproduct coke-oven gas purchased by local gas-supply enterprises. Substantial quantities were furnished by large gasworks to smaller gasworks, as in the case of the Central German Network; about 75,000,000 cubic meters per year were involved in such interworks transactions.

B. TYPES OF LOCAL GASWORKS

As shown in detail in Annex II, "Index of Gasworks in Northwest Germany," the various gasworks in the area differ from one another not only in size and in detailed production methods but also in their basic character. Some of the enterprises which are termed gasworks in the sense of the gas industry are large factories which manufacture gas at all; while others obtain part of the gas they distribute from outside sources. Thus, in addition to independent manufacturing gasworks (e.g., Osnabrück), the following types may be distinguished: (1) Manufacturing gasworks which in addition purchase coke-oven gas (e.g., Bremer), (2) manufacturing gasworks which in addition purchase gas from other producers (e.g., Magdeburg), (3) large manufacturing gasworks which supply small manufacturing gasworks (e.g., Halle), (4) purchasing gasworks which obtain their gas from a nearby coke plant (e.g., Darmstadt), (5) purchasing gasworks which obtain coke-oven gas from a network (e.g., Hannover), and (6) purchasing gasworks which obtain their gas from larger manufacturing gasworks (e.g., Hamburg-Wehdinghausen). In some instances two companies supply different sections of a single city (e.g., Hagen). In other instances gas manufactured as a single gasworks is distributed by one or more other companies which have their headquarters in the same city, but which are maintained as separate entities for administrative and financial reasons. The gasworks in Hamburg is in a category of its own by virtue of the large quantities of gas distributed.

General statistical sources on German local gas-supply enterprises distinguish only between manufacturing gasworks and those which purchase all or part of their gas. Table 15 shows (1) the number of gasworks of each type, (2) the gas produced by each type, and (3) the proportion of this amount which is manufactured, purchased from other gasworks, and purchased from coke plants.

Table 15—Manufacturing and purchasing gasworks in the individual states and provinces of Northwest Germany in 1936

<table>
<thead>
<tr>
<th>State or Province</th>
<th>Manufacturing Gasworks</th>
<th>Purchasing Gasworks</th>
<th>Total Gas Produced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berlin</td>
<td>12</td>
<td>1</td>
<td>5,800,000</td>
</tr>
<tr>
<td>Brandenburg</td>
<td>10</td>
<td>2</td>
<td>4,500,000</td>
</tr>
<tr>
<td>Bremen</td>
<td>8</td>
<td>4</td>
<td>3,200,000</td>
</tr>
<tr>
<td>Hamburg</td>
<td>5</td>
<td>3</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Halle</td>
<td>2</td>
<td>1</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Magdeburg</td>
<td>1</td>
<td>0</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>10</td>
<td>20,000,000</td>
</tr>
</tbody>
</table>

Difficulties of transportation, a shortage in rich coking coal, and the complete elimination of English coal have undoubtedly forced the gas plants to make adjustments. Most of the coal now used in Hamburg and Bremen probably comes from the Ruhr and the Silesian mines. Local gasworks have obtained their supplies from various sources and had the means and equipment to take advantage of any additional coal which might be available. In most areas, however, the local gas supply has been supplemented by purchases from larger gasworks. In the larger gasworks, the smaller and medium-sized gasworks have had to purchase equipment for the purpose of manufacturing gas.

Brown coal is not used exclusively by the plants in the area under consideration. Its use is restricted to special processes. Lignite and brown-coal briquettes are not used extensively at any plant and brown-coal gas is always mixed with ordinary coal gas. In the Ruhr, Erknerberg, and the Ruhr coal plants manufacture and distribute ordinary brown-coal gas. The Dresden, Erknerberg, and the Ruhr coal plants produce a certain quantity of brown-coal gas. In some cases the brown-coal gas is used to produce gas for the coal gas industry. The Jebsen plant, for example, used 8,704 tons of coal and 490 tons of brown-coal briquettes in 1934 and 1935.

Adding water gas to coal gas is an almost universal practice here as it is in the rest of Germany. A number of gas works add sewage gas from local sewage-treatment plants to the coal gas they manufacture. Halle, Emscherberg, Hamm, Flensberg, and Schöneweide are among the cities doing this. The sewage gas constitutes 15 percent and more of the total gas distributed. There is, however, no evidence that the quantity of sewage gas used in addition elsewhere ever exceeds the smaller of these figures.
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D. EQUIPMENT.

Neither an inventory of the equipment of German gasworks nor any study of such equipment emphasizing the area covered by this report has been located. Such information as is available concerning individual plants is included in Annex B. Index of Gasworks in Northwest Germany. General information on usual types of German equipment is available in the CAD Handbook, R & A 1922, chapter 18, Public Works and Utilities.

It does seem clear, however, that throughout Germany the normal carbonizing unit in large and medium-sized plants is the so-called "chamber oven." Intermediate in size between the industrial "pipe oven" and the small, old-fashioned "retort," frequently these chamber ovens are vertical or inclined, rather than horizontal. They are not standardized.

About half of the manufacturing gasworks in the area, however, are very small plants, producing less than 300,000 cubic meters per year; such plants probably still depend on retorts rather than "chamber ovens."

A number of plants in the area have installations and equipment for special processes. The Hameln gasworks use a special process for removal of carbon monoxide from the commercial gas; the Nordhausen plant uses a different process for the same purpose, which removes also carbon dioxide; the Tiefbauch plant at Hamburg uses a purification process by which the amount of hydrocyanic acid in gas is reduced.

E. CONSUMPTION.

The total gas output for Northwest Germany was 1,903,361,000 cubic meters, of which 872,361,000 cubic meters represented gas delivered to consumers and 1,030,992,000 cubic meters gas used by manufacturing plants or wasted in transmission and distribution. (See table 15, below.)

Table 15.—Consumption of city gas in Northwest Germany in 1926

<table>
<thead>
<tr>
<th>State or Province</th>
<th>Total gas consumption (in 1,000 cubic meters)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Rhine-Westphalia</td>
<td>1,903,361,000</td>
</tr>
<tr>
<td>Lower Saxony</td>
<td>872,361,000</td>
</tr>
<tr>
<td>Hesse</td>
<td>250,000</td>
</tr>
<tr>
<td>Bavaria</td>
<td>100,000</td>
</tr>
<tr>
<td>Total</td>
<td>2,025,722,000</td>
</tr>
</tbody>
</table>

- Production and conversion.
- Gas delivered to consumers and waste.
- Gas delivered to plants and private consumers.

Of the total gas distributed, 223,834,000 cubic meters or about 21 percent was supplied to small hosiery and local industries, 533,909,000 cubic meters or 63 percent to households and public buildings, and 50,967,000 cubic meters or 10 percent for steel-lighting purposes.

Table 16, below, indicates little change in the years 1933-37 in deliveries to industry in the area. An increase from 19 percent to 23 percent of the total gas distributed is due to industrial expansion in individual areas, but never causes a marked deviation from the area average. Braunschweig consumed a greater proportion of gas for industrial purposes than any other city or province in the area, (as high as 40 percent of the total consumed in the state). Lübeck, Prussia Sachsen and Schleswig-Holstein averaged about 15 percent.

Figures for gas used in manufacturing plants themselves show marked fluctuations in the different states and provinces. In Hamburg, for example, 20 percent of the gas output was used in plants or wasted in transmission; in Westfalen only 3.9 percent was used, and in Prussia Sachsen and Thüringen 31 percent was consumed or wasted by producing plants. These examples of a metropolitan gasworks, a coke-producing region, and a group-gas region, respectively, show heavy use of gas for the production of coke in areas where there are no coke-plants, especially in the case of the Grossraume of Magdeburg-Roehden. (See Table 16, above, Central...
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Annex A.—INDIVIDUAL COKE PLANTS IMPORTANT FOR PUBLIC GAS SUPPLY IN THE RHEINLAND-WESTFALEN SYSTEM

### Contents

1. MOERS GROUP (Friedrich Heirich, Rheinpreussen). These coke plants supply gas to the left-hand line of the Rheinland-Westfalen network.

2. DUSSELDORF-HAMBORN GROUP (Friedrich Thyssen III/VII, Hamborn). These coke plants supply gas to the main western (right-hand) line of the Rheinland-Westfalen network. The Friedrich Thyssen plants also supply the north and south Rheinpreussen lines.

3. OBERHAUSEN GROUP (Concordia, Gladbach). These coke plants supply gas to the left-hand line of the Rheinland-Westfalen network, the Concordia plant supplies a short line which crosses this group.

### ALPHABETICAL INDEX

- Aachen
- Bingen
- Bruchhausen (see Fr. Thyssen II)
- Corinthians
- Dobracht
- Duesseldorf
- Emscher Lippe
- Friedrich-Wilhelmshafen
- Friedrich Thysen I
- Friedrich Thysen II
- Friedrich Thysen III
- Friedrich Thysen IV
- Friedrich Thysen V
- Friedrich Thysen VI
- Friedrich Thysen VII
- Friedrich Thysen VIII
- Gelsenknieker (see Gelsenkineker)
- Gladbach
- Oberhausen
- Westfalen

This is not a survey of the Ruhr coke industry, but a collection of facts relating to the gas production and processing of certain individual coke plants which are known to furnish gas for the Rheinland-Westfalen network or for public supply in places on or near the lines of this network. Information on the production of coke as well as of byproducts other than gas is not included.

For many of these plants, however, no statistical information on gas production as such has been located. Information on the number of ovens and the coke production of the same plants is, on the other hand, readily available and may be used as an index of the capacity of the plants, in terms of coal consumption. This index is therefore included. For the sake of convenience, the figures for capacity have been taken from a single source: "The Ruhr Coke Industry of Germany. Table 2.—The Ruhr District: Actual Coke Production in 1929 and During the Year of Highest Production, 1929-1929, and Estimated Coke Capacity of Coke Ovens by Plants, as of September 1, 1929." The figures given represent "estimated capacity of ovens as of September 1, 1929." Annual production (theoretical coal-consuming capacity) is shown in this report.

This study was compiled by Carl D. Ulmer, assistant director of research of the Koppers Co., Pittsburgh, Pennsylvania. The sources used by Ulmer differed somewhat from those used by the authors of this report, Ulmer's figures not including a 1960 issue of the Jahrbuch fur den Stahlwerkereien. This is especially evident from the difference in the number of ovens reported for individual plants. In each case, therefore, Ulmer's figure is included in this report but not used, if different, second. The first figure therefore corresponds to the capacity reported, while the second checks our information on types of ovens and on gas-production and processing.

The plants are arranged in geographical groups, roughly from west to east. Within each group they are arranged alphabetically. Each group is preceded by a statement as to the lines supplied by that group.
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4. ESSEN-GERLENKIRCHEN GROUP

König Wilhelm, Mathias Stihl, Nordstern, Prosper, Zollverein. These plants supply the main western (right bank) line of the Rhine.

a. Rheinische (Alten) coke plant.

Owner: Gerkenbruch-Bergwerke-AG

Location: Gerkenbruch. Oven: 156 (Combined, large-chamber).

1930 the plant had gas compressors and a purification plant. The capacity of its gas-pressuring equipment is 1930.

1938 the plant had gas compressors and a purification plant. The capacity of its gas-pressuring equipment is 1938.

Capacity: 1,250,000 metric tons coal per year, compression equipment for 900,000 cubic meters per year, and naphthalene-removal equipment for 120,000 cubic meters per year.

Gas production: The company, which owned one other smaller coke plant, the 196,600,215 cubic meters in 1937. The plant had (1938) purification equipment for 250,000 cubic meters per day and compression equipment for 25,000 cubic meters per hour. It had 16,000 cubic meter gas holder.

Zollverein coke plant.

Owner: Gerkenbruch-Bergwerke-AG.

Location: Essen-Katernberg. Oven: 54.

Capacity: 250,000 metric tons coal per year. Gas production: No gas-production statistics have been located.

Remarks: The plant uses coal from Zollverein and Gerkenbruch mines.

5. BECKLINGHAUSEN GROUP (Essener Liepe, Ewald-König Ludwig, König Wilhelm, König Ludwig, König Ludwig). These coke plants supply gas to RHOGAS (Essener Liepe) and also to ERGAS.

a. Essener Liepe coke plants.

Owner: Gerkenbruch-Bergwerke-AG

Location: Essen. Oven: 21. Oven: 120 or 130.

Gas production: 25,000 cubic meters per hour.

Capacity: 35,000,000 cubic meters per year.

Gas production: 8,000,000 cubic meters per year.

Remarks: Together with the König Ludwig plants, the plant produced 322,400,000 cubic meters of surplus gas and 428,000,000 cubic meters of fuel gas in 1937.

König Ludwig coke plants.

Owner: Bergbau AG Ewald-König Ludwig.

Location: Becklinghausen. Gas production: 32,000 cubic meters per hour.

Shafts 1/11, 2/1, 3/1, 4/1, 5/1, and 6/1.

Shafts 5/1: 114 or 140. 960 still prone, 22 Still combination, 32 Koppers combination.

Capacity: 880,000 metric tons coal per year.

Remarks: For gas production of the group of plants. (See Ewald-König Ludwig above.)

Ovens: 270, 280, and 290 (Koppers). 280 or 290 (Koppers).

Gas production: 287,390,000 cubic meters in 1938. The company has one gas-tube compressor with a capacity of 100,000 cubic meters per hour for 12 atmospheres and two other such each having a ton of 5,000 cubic meters per hour at 7 atmospheres.
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Capacity: 2,500,000 cubic tons coal per year.
Gas production: No separate gas-production figures have been published. The plant was equipped to produce at least some cokeoven gas with the producer-gas for underlying. There was gas-purification equipment. Upper value per cubic meter of gas was 2,930,000 cubic tons coal per year.

Remarks: Plant is identical with a coke-plant in Zwickau.

Ownership: Stillers-Aggregat.
Location: Dresdner-Horst-Rothenau.
Ovens: 250 or 300 (250-aggregat).
Gas production: No separate gas-production figures have been published. The plant was equipped to produce at least some cokeoven gas with the producer-gas for underlying. There was gas-purification equipment. Upper value per cubic meter of gas was 2,930,000 cubic tons coal per year.

Remarks: Plant is identical with a coke-plant in Zwickau.

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Location: Dresdner-Horst-Rothenau.
Ovens: 250 or 300 (250-aggregat).
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Ownership: Stillers-Aggregat.
Location: Dresdner-Horst-Rothenau.
Ovens: 250 or 300 (250-aggregat).
Gas production: No separate gas-production figures have been published. The plant was equipped to produce at least some cokeoven gas with the producer-gas for underlying. There was gas-purification equipment. Upper value per cubic meter of gas was 2,930,000 cubic tons coal per year.

Remarks: Plant is identical with a coke-plant in Zwickau.
statistics have been located. The coke plant
fed a VEW line to Bock, which crossed
the Hannover line of the network.
Oberkirchen (Goggenhausen) coke plant.
Ownership: Gesamtverband Oberkirchen
Gmbh.
Location: Oberkirchen (near Hannover).
Capacity: 777 (ca. 200,000 metric tons coke per
year).
Gas Production: 75,269,439 cubic meters in
1937. The plant had purification and compres-
sion equipment, in 1939, for 12,000,000
cubic meters per year. It supplied gas to the
Hannover line of the Rheinland-Westfalen
network.

ANNEX B
INDEX OF GASWORKS IN NORTHWEST GERMANY
## INDEX OF GASWORKS IN NORTHWEST GERMANY

<table>
<thead>
<tr>
<th>UEl</th>
<th>Name, Location</th>
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<th>Annual Output (in tons)</th>
<th>Owner</th>
<th>Status</th>
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<td>Siemens, P., Gasworks Company</td>
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<td>TVE</td>
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<td>TVE</td>
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<td>TVE</td>
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<tr>
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<td>TVE</td>
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<td>TVE</td>
</tr>
<tr>
<td>1.00</td>
<td>Holst appoints in Papenburg</td>
<td>M</td>
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<td>1.00</td>
<td>Holst appoints in Wilhelmshaven (North Harp)</td>
<td>M</td>
<td>800</td>
<td>Siemens, P., Gasworks Company</td>
<td>TVE</td>
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<tr>
<td>1.00</td>
<td>Holst appoints in Wilhelmshaven (South Harp)</td>
<td>M</td>
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<td>Siemens, P., Gasworks Company</td>
<td>TVE</td>
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<tr>
<td>1.00</td>
<td>Holst appoints in Heligoland</td>
<td>M</td>
<td>800</td>
<td>Siemens, P., Gasworks Company</td>
<td>TVE</td>
</tr>
</tbody>
</table>

Note: All gasworks are owned by Siemens, P., Gasworks Company and operated under the direction of Holst, who is appointed to each location. The annual output and types of works are consistent across all sites, indicating uniform industrial standards and practices employed across the region.
<table>
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<th>Index of Capabilities in Northwest Germany - Continued</th>
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<tr>
<td>Name</td>
<td>Address</td>
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<td>--------------------</td>
</tr>
<tr>
<td>John Doe</td>
<td>123 Main St</td>
</tr>
<tr>
<td>Jane Smith</td>
<td>456 Oak Rd</td>
</tr>
<tr>
<td>Michael Johnson</td>
<td>789 Elm Ave</td>
</tr>
<tr>
<td>Linda Garcia</td>
<td>101 Pine Ln</td>
</tr>
<tr>
<td>Robert Martinez</td>
<td>222 Maple St</td>
</tr>
</tbody>
</table>

Note: This table contains confidential information about individuals and their addresses in various cities.
| City     | State | Type | Tally | U.S. | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. | This | Env. 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*CONFIDENTIAL*

*Regraded Unclassified*
# INDEX OF GASWORKS IN NORTHWEST GERMANY

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**Annex BB**

INDEX OF GASWORKS IN NORTHWEST GERMANY

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Regraded Unclassified
In 1932, there were 52,962 gas meters in a supply area of 352,000. Distribution amounted to 29,741,000 cu. m., of which 75% represented meter sales, 11% for street lighting and 8.7% in transmission. In 1937, gas distribution amounted to 30,926,000 cu. m., of which 29,277,000 cu. m. went to households and industries, 2,408,000 cu. m. for street lighting, and 2,739,000 cu. m. were wasted in transmission. There were 62,300 gas meters, and 18,611 houses were supplied in an area of 480,000. A part of the increase in sales was due to the increase in the number of large consumers.

There is some uncertainty as to the extent of the supply area of the Dortmund gasworks. In 1928, the plant supplied, in addition to the city proper, three neighboring communes: Apfelbeck, Bremm, and Wipperfürth. In 1933, the plant supplied, in addition to the city proper, four neighboring communes: Apfelbeck, Bremm, and Wipperfürth. In 1935, the plant supplied, in addition to the city proper, five neighboring communes: Apfelbeck, Bremm, and Wipperfürth.

Statistics for 1932, however, indicate sales of only 245,000 cu. m. to outlying communities and distribution figures for 1938 make no reference to gas supplies outside the city. This may be explained partly by the fact that some of the communities, viz., Moneg, Marum, and Apfelbeck, were incorporated into Dortmund and their installations taken over by the Dortmund Gaswerke AG; in addition, other communities may have been incorporated in subsequent years. But this is merely a complete explanation, since Brackel, which is still listed as a separate commune in a reliable 1939 publication, had by itself, a consumption of 1,400,000 cu. m.

Erfurt (Fr. Sachsen)

(Population: 185,313)

One large gasworks supplies gas both to Erfurt through the municipal public utility company and to nearby communities through a separate shareholders company. In all, gas is sold to about 15,000,000 cu. m. annually during the years 1932-38, about three-fourths of it to Erfurt, there the sales increased each year, reaching nearly 20,000,000 cu. m. in 1940. The plant consists of a water and electricity company, the Stadtwerke Erfurt. The plant had about 170 employees. The city of Erfurt, 9,042 houses and 20,065 meters were connected to the city supply system in 1936, when 1,000,000 cu. m. of gas were distributed to consumers and 1,200,000 cu. m. used for street lighting. Two years earlier, the low-pressure distribution net within the city had included about 2,000 meters. Only as few as 30 percent between 1937-1938.

Consuming the supply of gas from the Erfurt plant to outside communities, all available evidence except for a single map from which the map accompanying this study was drawn is in terms of company organizations rather than of local physical facilities. The Gasverwaltung Förther, Erfurt, which purchased its gas from the Gaseverwaltung Fürther, and sold it to the city of Erfurt, was the distributing company and also owned some local pipeline network. In addition, the distributing company also had some local pipeline network. In general, the area of Erfurt is characterized by a large number of small communities, each with its own gasworks and network.
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GELENKIRCHEN (Westfalen)
(Population: 317,708)

The town has two distributing plants. (a) The Städtische Gaswerk and Elektrizitätswerke, municipally owned and operated, which supplies the greater part of the city and (b) the Ruhmannes in the southwest section of the city, originally owned exclusively by the RWE, now a mixed ownership concern, which supplies the newer sections of the city.

According to 1936 and 1937 sources, both gasworks were at that time supplied by the RhineRhine coke plants of the Gelsenkirchen Bergwerke AG, which is situated in the southern part of the city. A 1939 source lists the coke plants of the RhineRhine mining district, but does not list the plant itself. The Gelsenkirchen Bergwerke, however, does own several other mines in the Ruhr (Northern) area which may very well have been used to supply the city gasworks. (See grid-system.)

During the occupation of the Ruhr, the French controlled the Rhein-Elbe mine and the city got a limited supply of gas (ca. 16,000 cu. m. per day) from the Consolidation coke plant in Eschweiler. The Ruhr is not back to the RhineRhine supplying the city at the end of the occupation.

A former producing gasworks, located north of the Schelke railway station was used (1926) as a distributing center for the municipal company. Its installations include gasholders, a city gas pressure regulator and a waste gas plant of the French type using sulfuric acid, installed in 1917.

In 1933, low-pressure mains of the municipal gasworks totalled 384 km. Sources of 1934 and earlier mention also 17 km. of high-pressure main. A 1925 description of the new work indicates that its pipelines are predominantly of the Maxmimi SchmolzKohlenstoff type (steel pipes with stove-type joints) especially built to resist shock from mining operations.

In 1934, the gas plant supplied 12,571 houses, 48,772 consumers and 50,027 meters in a supply area of 320,000 population. The 1937 figures show that 17,176 houses and 52,084 meters were supplied.

In 1934, the gasworks distributed 22,567,000 cu. m. of gas, of which 16,190,000 cu. m. went to households and industry, 5,480,000 cu. m. for street lighting and 2,380,000 cu. m. were wasted in transmission. In 1937, the plant distributed 24,256,000 cu. m. of gas, of which 17,242,000 cu. m. went to households and industry, 5,874,000 cu. m. for street lighting, and 2,614,000 cu. m. were wasted in transmission.

The second gas plant, situated in the section of Kottbusen, was a mixed ownership concern, controlled and operated by the RWE. In 1937, the plant supplied 2,560,000 cu. m. of gas to 2,413 houses and 8,937 meters in a supply area of 100,000 population. The plant furnished 1,141,000 cu. m. represented meter gas for street lighting purposes and 360,000 cu. m. of gas were wasted in transmission.

HALBERSTADT (Pr. Sachsen)
(Population: 57,187)

The municipally owned and operated gasworks is situated on the outskirts of the city. As late as 1937, the gasworks manufactured its own coal, although supplies of coke had been obtained from the Stahlhof-North Harz Erz. The Central German Grid, which connects the neighboring cities of Witten, has been extended to Halberstadt.

In 1934, the plant used 12,035 tons of coal, obtaining a yield of 391 cu. m. per ton of coke. Some of the gas (512,000 cu. m. out of 9,000,000 cu. m. supplied) was used for street lighting; 18,944 tons of coke were used in the production of gas, and 1,141,000 cu. m. of gas were distributed, of which 1,106,000 cu. m. were wasted in transmission.

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HALLE (Pr. Sachsen)
(Population: 220,000)

The municipally owned gasworks of Halle supply gas to the city, to small communities directly, and to other communities through a separate company, the GAFSEH. The total quantity delivered by the plant rose from 14,313,000 cu. m. in 1928-33 to 18,100,000 cu. m. in 1937, of which probably somewhat over 1,500,000 cu. m. were sold through the GAFSEH.

In 1934-35, the plant used 25,862 tons of coal and 88 tons of other fuel to produce 15,763,000 cu. m. of gas and 154,500 cu. m. of water gas. Statistics for that year do not indicate the number of any of this gas for overheating, but some of it was used for alternative heating by coal gas.

The Halle gasworks located at Halplaat, was equipped with 10 vertical-drum ovens, a water-gas plant, 6 storm boilers, and 2 waste-heat boilers (1930). A successful process was subsequently developed by which ordinary coal-gas ovens were adapted for the production of coke gas from brown coal, to be mixed with coal gas to form city gas. The city-owned coal gas presumably furnished part of the plant's raw materials. Small quantities of sewage gas were also added to the city gas supply. From the spring of 1936 on, some of this sewage gas was used instead as motor fuel for municipal vehicles, but in 1937-38, 479,000 cu. m. were still available for the gasworks.

At the gasworks, a hauled plant, employing the "Benzolwerk" (activated carbon) process, capable of handling 60,000 m. of gas per day, was put into operation in August 1935. The condenser, placed above the adsorbing filter, was prefitted with a large drier. As the result, the latter year other products included 1,440 tons of tar, 50 tons of ammonia (NH₃), and presumably somewhat more than 1934-35 coke production of 17,777 tons.

There were at least 2 producers at the gasworks and at least 3 located elsewhere. One relatively short holder, built in 1928-29, had a capacity of about 33,000 cu. m. There were also 9 other producers of long-distance supply (these "long-distance" mains operated at pressure of only 20 to 25 atm. per day), however. They did not unite the Halle GAFSEH mains, but were used for street lighting and 1,430,000 cu. m. were lost in transmission. These proportions had not changed greatly by 1937, but the number of lines connected increased to 41,750 and the meters to 49,320.

In 1934-35, the plant used 12,593 tons of coal and gas a yield of 380 cu. m. of mixed gas per ton of coal. In 1937, 637 tons of tar and 29 tons of ammonium were obtained.

Distribution figures for 1937-38 are unavailable. However, the report of the city gasworks for that year indicates a rise of 7 percent in gas sales over the preceding year, attributed partly to the increase in rates beginning 1 November 1936 and partly to the extension of the city and the consequent increase in the number of consumers. In 1936-38, gas sales increased 22.8 percent. The plant suffered a financial loss.
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1952 to supply Helten-Mannofeld and Sandefjard from Kielshorn, presumably with gas from Haakon, shipped to Kielshorn. The Kielshorn pipeline was only opened, regulating and distributing equipment.

There may possibly be a connection to the Central German gas at Sandefjard or Heltenfeld, as it is reported in 1959 that the Heltenfeld plant had been closed down as a result of a contract with GAMANAKO.

HAMBURG (Hansestadt)

(Population: 1,711,477)

The city of Hamburg and its suburbs receive their gas supply from the municipally controlled and operated Hamburger Gaswerke Gm. b. H. In addition, the gasworks furnish all or part of the gas supply of at least 35 communities in the Lower Elbe region, the city of Harburg-Wilhelmsburg, and communities in Schleswig-Holstein, including the city of Neumünster.

Production—The city is served by a net fed by four gasworks, situated at Großebruch, Tiefstack, Barnbuck, and Altona. The four plants together produced nearly 220,000,000 cu. m. of gas in 1954-55. Of this total, the Grassbrook plant produced nearly 35 percent, the Tiefstack plant nearly 20 percent, the Barnbuck plant nearly 25 percent, and the Altona plant more than 10 percent.

In addition to the quantities produced by these four large plants, the Hamburg gas company purchased smaller quantities from outside sources and investigated the possibility of natural gas supply. The Norddeutsche Kohlen-und-Cokes-AG. In 1953, Hamburg had a contract to supply the city with some gas—approximately 14,000,000 cu. m. in a year. In May 1954, a natural gas source was opened at Neumünster, a town 20 km. southeast of Hamburg, its capacity is not known. Until 1950, another natural gas source, also at Neumünster, had furnished the Hamburg gasworks with gas to supplement their own production; this source proved especially useful during the coal shortage of the First World War years. Up to 1950, the gasworks had derived in all ca. 213,000,000 cu. m. of gas (4,450,000 cu. m.) from Neumünster. By 1955, however, the Neumünster source had been depleted to such an extent that only small quantities could be retrieved through suction.

The four gasworks together consumed 488,775 tons of coal (this 57,830 at the Altona plant), 14,500 tons of briquettes, and 18,800 tons of coke in 1954-55, the latest year for which this information is available. The five large plants together produced 135,000,000 cu. m. of coal gas and 85,000,000 cu. m. of water gas; while the Altona plant produced 25,000,000 cu. m. of coal gas and 20,000,000 cu. m. of water gas. The Altona plant produced 25,000,000 cu. m. of water gas. The three large plants used 11,500,000 cu. m. of coke for over-boiling. Only scattered information is available on the equipment of the individual gas plants. The largest of the four, the Grassbrook plant, is supplied with part of the coke directly from the over-boiling vessels. At least part of the coke at the Grassbrook plant are the inclined-chamber ovens with an capacity of 6 tons each. It is probable that the Grassbrook Gaswerk may install additional inclined-chamber ovens.

The Grassbrook plant had 350 inclined-chamber ovens with a capacity of 6 tons each. It is probable that the Grassbrook Gaswerk may install additional inclined-chamber ovens.

The Tiefstack plant has a factory for the production of hydrogen. The hydrogen is produced from water gas from three plants together, with a daily capacity of 50 tons of brown coal briquettes and a yield per ton of gas of 100 percent. Hydrogen is produced from water gas from three plants together, with a daily capacity of 50 tons of brown coal briquettes and a yield per ton of gas of 100 percent. The Tiefstack plant has a factory for the production of hydrogen. The hydrogen is produced from water gas from three plants together, with a daily capacity of 50 tons of brown coal briquettes and a yield per ton of gas of 100 percent.

The gasworks have a trial plant which can be separated from the collection main for experiments. The Barnbuck plant had 150 inclined-chamber ovens installed in 1928. It had a second recovery plant using the wash-out process, built in 1935.

The Altona plant, according to the 1952 description, had three groups of inclined-chamber ovens, built in 1912-13, 1913, and 1927. See Altona in the series of Monographs Hansestadt edited by the Hamburg City Council. See also Altona in the series of Monographs Hansestadt edited by the Hamburg City Council. See also Altona in the series of Monographs Hansestadt edited by the Hamburg City Council.

The Grassbrook, Tiefstack, and Barnbuck gasworks were connected with each other by a high-pressure ring, and there was also a connection to the Altona plant which, although separately operated before 1938, had purchased some gas from the other three plants prior to that time. In 1943-44, there were 354 km. of high-pressure mains within Hamburg and Altona. The low-pressure mains were intertied 2,200 km. (Hambug, 1,952 km.; Altona, 410 km.) There were also 235 km. of transmission pipelines.

In 1934, the new pipe was laid to supply the shipyards of the Finkenstein area from the Stettiner district. The pipeline was ruptured across the lower arm of the Elbe (Kühlbrand and Köhlbrand) by means of explosives (Dicker) of special-cable type (armored) lead-pipe, 110 mm. internal diameter, tested at 3 atmospheres pressure when laid. It was suggested at the time that further use of explosives for river-crossings would add to the security of gas supply in the event of the destruction of bridge-carried mains by air-attack. It is not known whether the development was actually carried further. Other syphon-crossings have been constructed in Hamburg previously, although not by such up-to-date methods.

A complete account of the number and capacity of gasworks in Hamburg is not available. There is a large gasworks station at Finkenstein, two tincoke holders, each with a capacity of ca. 30,000,000 cu. m. at Altona, and one or more PAN (Pudler) producers of the dry piston type.

Consumption—Gas is used extensively in Hamburg industry and city service. The gasworks supplied gas for street lighting in 1955, 82 percent or 1,050,000 cu. m. of a street net of 1,500 km. was lighted by gas and is used extensively in Hamburg public buildings and undertakings. The Gasgemeinschaft Hamburg-Hanover, founded in 1933 fostered cooperation between the gasworks and trade and industry by furnishing plants using gas and encouraging new uses for gas and the sale of appliances, and attempted to improve relations between consumers and the gasworks by sponsoring technical schools for salesmen and mechanics.

In 1935-36, the three Hamburg plants furnished gas to 82,885 houses and there were 380,538 meters. In addition, 36 consumers with a population of 379,000 were supplied, the total supply area of the gasworks was 1,190,000 cu. m. The Altona gasworks, at that time independently operated, supplied 11,914 houses and 67,815 meters in a population area of 242,000.

In 1937, the Hamburg gasworks supplied 90,016 houses 492,843 meters and 800,000 cubic meters with a population of 615,000. Altona supplied 26,117 houses and 71,203 meters. Hamburg statistics for 1939-39 indicates a distribution of 188,829,000 cu. m., of which 154,211,000 cu. m. were supplied to households and industry, 20,408,000 cu. m. for street lighting and 19,609,000 cu. m. were used in transmission. In addition, 32,761,000 cu. m. of low-pressure gas were distributed, at which more than a third (11,124,000 cu. m.) went to the city of Hamburg-Weilsholm and 1,267,000 cu. m. were supplied to Altona. The Altona plant in addition to the gas bought from Hamburg, distributed 25,511,000 cu. m. of its own gas. In 1937, 299,041,000 cu. m. of gas were distributed in the three Hamburg plants; of this, 171,019,000 cu. m. represented meters, 22,581,000 cu. m. were used in transmission. Altona distributed 25,575,000 cu. m. of gas.

Figures for the year ending March 1939, indicate an increase in gas distribution of 7.9 percent over 1938. The German national gas commission in 1938 increased the price of gas to cover the increased cost of production, which is due to the demands of industry. The increase in the supply area for industry in the city of Hamburg is 3.3 percent, the increase in domestic supply, in the city, 7.5 percent in long-distance supply for industrial use, and an increase of 3.3 percent in long-distance supply for industrial use.

Figures for the year ending March 1939 showed an increase in gas sales of 29 percent, due to an 8.6 percent increase in the supply area for industry and a 27.3 percent increase in the supply area for industry. In the city of Hamburg, there was an increase of 24 percent in industrial consumption and 1.3 percent in domestic sales. In the total supply area, there was a marked increase in the sale of gas for street lighting purposes.

March 1940 figures show an increase of 2.8 percent in total gas sales; 11.4 percent increase in industrial sales, 11.9 percent increase in industrial sales and 11.8 percent increase in gas for street lighting. March 1941 figures indicate a further increase of 11.8 percent in total gas sales.

Appendix—Appendix figures for 1934-35 indicate the manufacture by the three Hamburg plants of 248,118,000 tons of coke, 17,043 tons of tar and 2,011 tons of crude oil. The Altona plant in 1935 manufactured 41,805 tons of coke, 2,195 tons of tar and 7,108 tons of crude oil. Appendix figures for 1937 show the three Hamburg plants 2,533 tons of coke, 25,000 tons of tar and 7,000 tons of crude oil. In addition, the three Hamburg plants supplied 80,000 cubic meters (population 379,000) with a total of 10,782,000 cu. m. of long-distance gas. In 1937, 46 consumers (population 150,000) were supplied with gas for which no figures are given.
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HANNOVER (Hannover)

(Population: 470,500)

The Städtische Betriebswerke Hannover, a city-owned enterprise, located at Linden, is connected by a high-pressure main to the Rubagard grid. In 1937, the gasworks supplied 18,933 houses, 102,353 consumers and 105,563 meters in a supply area of 378,000.

In 1937, the gasworks supplied 18,938 houses and 116,283 meters in a supply area of 385,000 population.

The statistics for 1939 indicate that 42,996,000 m³ of gas were distributed, of which 41,959,000 m³ was used in households and industry, 4,322,000 m³ for street lighting and 325,000 m³ were wasted in transmission.

In addition to local distribution in 1932, the gasworks supplied 100 consumers with a population of 24,000.

In 1932, the company had 515 km of local distribution pipeline. It owned the central compressed gas-filling station for motorcars, city transport and street-cleaning. In 1933, 27 houses were operated by this compressed illuminating gas, which in addition to coal gas, contains a mixture of methane, obtained from sewage. The gas is stored in steel containers, each holding 1,300 liters at 200 atmospheres. A 1938 report indicates separations of 70 m³ per hour to 90 m³ per hour for the two filling stations then in existence. Compressed gas was also made available to household consumers in the outskirts of the city to avoid the necessity of laying new pipes.

In addition to the city gasworks, there is a local gasworks at Linden, which was sold in 1926-29 to the city of Hannover by the DGAG who operates the plant. This gasworks supplied an area of 50,000 inhabitants in 1927-1932 for 29,280 meters; it supplied gas to 9 neighboring comunes which had a population of 14,000. There was some production of by-products. 198 tons of tar and 47 tons of ammonium.

JENA (Thüringen)

(Population: 79,352)

The municipally owned and operated gasworks is situated between the Saale River and the railway, north-east of the Saale railway station. The plant manufactures its gas exclusively.

About 1924-25, the Jena gasworks introduced a new process whereby coal was used in the production of part of its city gas. The use of bituminous coal briquettes with gas was encouraged by the construction of special furnaces with vertical coal chambers, each having one adjacent coke chamber. The latter operate permanently as water gas generators.

During 1924-32, the plant used 7,084 tons of coal and 491 tons of briquettes. The process in use at the plant resulted in a yield of 600 m³ of gas of a calorific value of 4,608-4,670 cal. m³ or per million tons of coal used.

In 1931-32, the gas plant had 120 km of low-pressure mains. In 1935, it distributed gas to 1,200 houses, 14,750 consumers and 15,000 meters of pipelines. In 1936, there were 41,000 population in one neighboring commune (population 1,400) was supplied. Statistics for 1937 show little change in gas distribution, 1,200 houses, 15,367 meters, 15,000 consumers, 41,000 population in one neighboring commune (population 1,400) was supplied.

There was some fluctuation in gas distribution. In 1922-23 before the brown coal process was introduced, there was more than an experimental basis for the number of consumers in this commune, 15,155,000 m³ of gas was distributed (4,472,000 m³ of coal gas, 1,883,000 m³ of coke gas) - of the amount 98.3 per cent was supplied to household and industry (13,739 meters and 4,787 houses), 10 per cent was lost in distribution and 1.4 per cent was used for plant purposes.

In 1934-35, the plant distributed 4,380,000 m³ of gas, of which 3,957,000 m³ went to household and industry, 477,000 m³ for street lighting purposes, 417,000 m³ were wasted in transmission, and 42,990 m³ were used for plant purposes.

By-product figures for 1924 show a decreased decrease in coke (4,820 tons), due to some extent to increased absorption for production purposes, and a similar decrease in the yield of benzol (2 tons of benzol and 0.4 tons of crude benzol in 1935), due to the use of light oils in the new manufacturing processes.

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KIEL (Schleswig-Holstein)

(Population: 134,819)

The municipally owned Stadtwerke Kiel (before 1937 known as the Stadtwerke Licht und Wärmeverkehr) has a gasworks in the suburb of Weih, on the Kaiser-Wilhelm-Straße. It manufactures most of its gas.

In 1933-35, the plant used 89,773 tons of coal and 13 tons of coke and got a yield of 302 cm³ of gas per ton of coal. In addition, the plant used 850,000 m³ for plant heating purposes.

The installations of the gasworks include a rotary compressor and a three-stage intercooled compressor of 15,000 m³ per hour capacity. The gas type, protected from freezing damage by systems of circulating warm-water and steam-heating.

In 1934-35, the plant had 269 km of low-pressure pipelines, 57 km of high-pressure pipeline and 14.5 km of long-distance mains. It supplied gas to a total supply area of 233,000 people, 15,000 houses, 50,000 consumers, 9,050 meters and three neighboring comunes with a population of 12,000.

In 1935, 11,835 houses and 65,853 meters were supplied in an area of 352,000 population.

In 1935-36, gas distribution amounted to 31,728,000 m³, of which 8,964,000 m³ went to households and industry, 222,000 m³ were for street lighting purposes and 4,617,000 m³ were lost in transmission. Neighboring comunes got 277,000 m³. Most of the gas distributed was manufactured in the plant; a negligible amount (101,000 m³) was brought in from the outside.

Sales figures for 1937 are unavailable, but judging from the increase in by-products (see below), there must have been a considerable increase over 1936-37. Statistics do indicate that gas output in 1936-37 was 14 per cent higher than that of the preceding year, and yet there was only an increase of 7 per cent in the sale of gas. The rent was used for heating costs, since there was an increased demand for coke (possibly for industrial purposes). In 1936-37 also, the gasworks produced 23.2 per cent more coke, 21 per cent more benzol and 18.8 per cent more crude tar than in the previous year.

In 1934-35, by-product figures were: 26,524 tons of coke, 1,106 tons of tar, 50,100 tons of pure benzol and 200 tons of tar. The 1937 figures show the manufacture of 4,920 tons of tar, 227 tons of ammonium and 927 tons of pure benzol.

LÜBECK (Schleswig-Holstein)

(Population: 134,819)

The Stadtwerke, municipally owned and operated, gets its gas from the Hornbogen plant of the Hochsudorwerk Lübeck A.-G., north of the town beside the river Treene.

The city manufactures almost no gas, but uses gas purchased from outside sources. Gas distribution amounts to 31,728,000 m³, of which 29,964,000 m³ went to households and industry, 8,964,000 m³ were for street lighting purposes and 4,617,000 m³ were lost in transmission. Neighboring comunes got 277,000 m³. Most of the gas distributed was manufactured in the plant; a negligible amount (101,000 m³) was brought in from the outside.

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Regraded Unclassified
Tankers for low-pressure city gas for bus fuel were built in 1943. These were situated, not at the end of the lines as the bus authorities would have wished, but at places suitable for distribution from the mains. One type of tank was constructed to the high-pressure mains and had a capacity of 400 cu. m. per hour.

**MAGDEBURG (Province of Saxony)**

(Population: 330,000)

MAYAG (Magdeburger Versorgungsanlage A.G.), the municipally owned gas, electricity, and water supply company of the city of Magdeburg, produces part of its gas in a separate local gas plant but purchases the major portion via GAMANAG from the nearby German gasworks of Magdeburg-Tharandt.

In 1934 the MAGAG plant produced 3,546,000 cubic meters of coal gas and 4,360,000 cubic meters of double blast gas or water gas, consuming 21,365 tons of coal. The major portion of its supplies, 19,799,000 cubic meters, was purchased. By 1937 the company disposed of 37,291,000 cubic meters in all. The proportion produced by the city plant is not known, but the circumstances that it produced the larger portion of the gas supplies suggests that a greater quantity of gas was produced. Fully 1,102,000 cubic meters was consumed within the plant for heating ovens and 97,000 for other purposes, while 1,174,000 was wasted in the course of distribution during 1932. By-products included 1,440 tons of tar, 48 of ammonia, and 7 of pure benzol (1937), and 14,608 tons of coke (1939).

During 1938 MAGAG made an agreement with GAMAG to use its own local production equipment to a fuller degree in order to ease the great demand being made upon the grid. MAGAG benefited financially by this agreement.

As the gasholders available in 1935 were saturated, the construction of a new 50,000 cubic meter holder of the telescopic type with three lifts was commenced in that year. These covered a distance of high-pressure mains and the low-pressure distribution net, within the city amounted to 187 kilometers (excluding 77 kilometers of "medium-pressure"). In 1937, when 6,562 and 68,497 gas meters were connected, there was a marked increase by 1941, to 12,000 houses and 68,553 meters.

Street lighting accounted for 3,160,000 cubic meters of the 1937 consumption. This was a marked increase in consumption over 1931, when about 85 percent of the streets in Magdeburg were lit by gas.

A small separate company owned largely by THUNAG, called Gas- und Stromversorgung Magdeburg-Südost A.G., was operated in the southeast part of the city, handling in 1937, 1,351,000 cubic meters of gas, all of which was purchased from some outside source, doubtless either GAMAG or MAYAG. It delivered gas to 1,200 houses and 822 meters, plus 180,000 cubic meters of gas used for street lighting.

**WESERMUNDE (Hanover)**

(Population: 113,891)

The municipally controlled Stadtwerke Wesermünde (gas, electricity, water) operates a gasworks which manufactures its own gas exclusively. In September 1939, when the city of Bremerhaven was incorporated into the city of Wesermünde, the Stadtwerke Wesermünde took over the Bremerhaven Stadtwerke, which also included a gas plant.

In 1934-35, the Wesermünde plant used 20,631 tons of coal and obtained a yield of 400 cubic meters of gas per ton of coal. In addition, the plant used 348,000 cubic meters of its own manufactured gas for plant heating purposes.

The installations of the Wesermünde plant included (1935) 900 cubic meters of high-pressure mains and 63,000 cubic meters of coal gas used for street lighting purposes. In 1932-33 the Wesermünde plant had 113 kilometers of high-pressure mains; in the following year 109,950 kilometers of mains and distribution lines were laid to supply a gas distributing plant in the Lehestedt district, thus bringing the total length of mains to 124 kilometers. Figures for the years 1934-35 indicate that the Wesermünde plant supplied 5,924 houses, 35,020 consumers and 21,000 meters (of which 1,127 were of the 1,050 cubic-meter type) in a supply area of 73,200. In 1937, the number of houses had increased to 5,950. (Other figures are lacking.)

Total sales of gas in 1934-35 amounted to 2,873,000 cubic meters of which 6,135,000 cubic meters represented meter sales, 960,000 cubic meters meter readings sales and 728,000 cubic meters meter readings in transmission. A 1935 report shows 1.6 percent increase in sales over the preceding year, good sales of byproducts and new constructions amounting to 200,000 RM financed from current means.

By-product figures for 1934-35 show 35,840 tons of coke, 1,040 tons of tar, 58 tons of pure benzol, and 82 tons of ammonia. Statistics for 1937 show little change; 1,063 tons of tar, 33 tons of ammonia and 81 tons of pure benzol.

The Bremerhaven plant figures for 1934-35 indicate that 3,962,000 cubic meters were manufactured and distributed; of which 2,419,000 cubic meters went to households and industry, 3,040,000 cubic meters for street lighting and 3,935,000 cubic meters were used in transmission. By-product figures were 5,040 tons of coke, 424 tons of tar and 71 tons of pure benzol.

The 1940 report, the first one after the union with the Stadtwerke of Bremerhaven (population, 26,700), showed an increase of gas sales of 2.2 percent; in 1941 there was an increase of 0.5 percent in gas sales.
Department of State

Division of Information

March 30, 1945

Received of M. A. Shipley (DO/L) one envelope addressed to Hon. Henry Morgenthau, Secretary of Treasury, containing an envelope marked "TOP SECRET" addressed to him.*

*Paraphrased copy of Chungking's 531 of March 29, 1945.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Chungking
TO: Secretary of State, Washington
DATED: March 29, 1945
NUMBER: 531

TOP SECRET

Adler transmits the following cable (for Treasury only) to Secretary of Treasury Morgenthau.

(1) In a conversation with O. K. Yui and Pei held on March 28, I learned that the desirability of readjustment of exchange rate is being considered by the Chinese Government. It was made clear by both of them that such readjustment, if and when adopted, would be provisional and temporary. As a possibility, Yui mentioned a rate of 250 to 1, or approximately half open market rate for United States currency. It is not unlikely that the question will be taken up by Dr. Soong in Washington, although there was no indication during the conversation that any action is contemplated in the immediate future.

(2) No elaboration is necessary regarding the pertinence of the above to current negotiations on United States Army expenditures in China.

(3) Dr. Soong will be accompanied to the United States by Pei, who is Soong's chief financial advisor.

ATCHESEON

DO/L WAS HST
3-30-45
Tod: Mr. Geidt
From: Mr. Coo

Will you please send the following cable to the American
Embassy, Chungking, China:

FOR ADLER FROM THE SECRETARY OF THE TREASURY

Please inform G. E. Yol that we understand that Kung has
agreed to Treasury's suggestion that Dr. Choo-tung Chi prepare
(a) a section by section detailed annotated analysis of the
Bretton Woods legislation pending in Congress together with a
translation into Chinese of this analysis and (b) a report and
analysis of discussions in Congress on the Bretton Woods
legislation with emphasis on matters of particular interest to
the Chinese. The Treasury feels that this will greatly facilitate
and expedite future discussions of Bretton Woods proposals.

Please express our appreciation to G. E. Yol that Dr. Chi
is being made available for this assignment.

George appropriation 17367

MAR 30 1945
FROM: Secretary of Treasury
TO: O. K. Yui

March 30, 1945

Please inform O. K. Yui that we understand that

Kung has agreed to Treasury's suggestion that Dr. Chao-ting

Chi prepare (a) a section by section detailed annotated

analysis of the Bretton Woods legislation pending in

Congress together with a translation into Chinese of

this analysis and (b) a report and analysis of discus-

sions in Congress on the Bretton Woods legislation with

emphasis on matters of particular interest to the

Chinese. The Treasury feels that this will greatly facil-

itate and expedite future discussions of Bretton Woods

proposals.

Please express our appreciation to O. K. Yui that

Dr. Chi is being made available for this assignment.

Sincerely,

[Signature]

PH: Mehring

3/30/45
To: Mr. Collado  
From: Mr. Coe  

Will you please send the following cable to the American Embassy, Chungking, China:

FOR AID FROM THE SECRETARY OF THE TREASURY
Reference your 520, March 27, 1945.

Treasury agrees to your returning to Washington for about two weeks. Please inform Embassy and Army Headquarters of this.

Charge appropriation T1347

MAR 3 g 1945

157/afr 3/30/45
AMHRAASSY,
CHIURING, (CHINA).
C/O

FOR ATTACH FROM THE DEPUTY OF THE TANKEF

Treasury agrees to your returning to Washington
for about two weeks. (Reference your 619, March 27,
1948). Please inform Embassy and Army Headquarters
of this.

SYKTERIUS
(UL)

FRIP/01-40
3/30/48
CABLE TO AMERICAN EMBASSY, ROME, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Reuben Reemk, 37 Quai Wilson,
Geneva, from Kurt Grossman of World Jewish Congress:

QUITE THE REGRET REGARDING OCHS MESS, THE DESTINANT FOR WHICH WE REMITTED $1,000; REGARD LESS WE REMITTED $400 FOR MEN AND LOTHIAN JAMES DROP 500ec RECOMPENSE FOR WHICH $300 REMITTED FOR EACH.
INSTRUCTIONS FOR DISTRIBUTION OF BALANCE OF $5000 FROM THE $8400 WE RECENTLY TRANSMITTED WILL FOLLOW LATER. UNQUOTE

THIS IS WIN NEW CABLE NO. 493

11:30 a.m.
March 30, 1945

CABLE TO AMERICAN EMBASSY, ROME, FROM THE WAR REFUGEE BOARD

Please deliver the following message to Reuben Reemk, from K. A.
Leavitt of American Jewish Joint Distribution Committee:

QUOTE: REGRET MESS ENGAGED ASSIST OUR PROGRAM ITALY.
BORN SEPTEMBER 1, 1911. MARRIED ONE CHILD.
UNRECEIVED SECURE MILITARY PROFIT SUREST. PLEASE
ARRANGE. UNQUOTE

11:30 a.m.
March 30, 1945
CABLE TO AMERICAN CONSULATE GENERAL, JERUSALEM, FROM WAR REFUGEE BOARD

Please deliver the following message to Joseph Schwartz from N. A. Leavitt, American Jewish Joint Distribution Committee:

QUOTE COUNCIL JEWISH WORK HAS REACHED PROPOSALS OF LAST SUMMER CONSIDERING ASSIGNING STAFF UNIT THEIR EXPENSE TO JDC PROGRAM OVERSEAS. THEY READY MIGRANT JEWISH WOMEN CHILD CARE WORKERS FOR USE WITHIN JDC PROGRAM, TO ESPECIALLY DESIRE START IMMEDIATE RECRUITMENT. BELIEVE SUCH PROJECT MUTUALLY BENEFICIAL PUBLIC RELATIONS PURPOSES. NECESSARY RECOMMEND YOUR CURRENT THINKING REGARDING UTILIZING SUCH UNIT. OUR CONTINUED NEGOTIATIONS THIS MATTER DEPENDENT YOUR REPLY. UNQUOTE

11:30 a.m.
March 30, 1945

CABLE TO AMERICAN EMBASSY, LONDON, FOR NAZI, FROM WAR REFUGEE BOARD

Please deliver the following message to Harold Linder from N. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE GENERAL OUGHT NOT PLANNING PRESENTLY PROCEED SWITZERLAND. MUST LEAVE YOUR DECISION BASIS FURTHER INFORMATION YOU CAN OBTAIN FROM LONDON OFFICE AND WILL THEN WHETHER YOU SHOULD PROCEED SWITZERLAND. HOPE NEXT TIME OPPORTUNITY TALK WITH YOU UNQUOTE

THIS IS WAR LONDON CABLE NO. 62

11:30 a.m.
March 30, 1945

Regraded Unclassified
As a result of discussions with the French authorities by Dr. Fullman, Assistant Director of Interregional Committee on Refugees, the French Ministry for Foreign Affairs wrote the Director of IOC on March 201: (1) that the French Government has ratified the Convention signed at Genoa on February 10, 1928 concerning the status of refugees coming from Germany, (2) that instruments of ratification have been transmitted to the League of Nations and the promulgation decree of the French ratification will be published shortly and, (3) that the French Government has decided to adhere to the additional protocol to the foregoing Convention which extends its provisions to refugees coming from Austria. In the same letter the French Foreign Office requests the IOC to assume officially within the framework of the general IOC mandate the protection of refugees coming from Germany and Austria and adds that should the IOC accept the official status the French Government is prepared to take measures by decree to enable the IOC representative in France to exercise the same powers as regards the legal and political protection of the German and Austrian refugees as those conferred on the representative of the League High Commissioner in France by the agreement dated June 30th, 1928, dealing with the protection of Russian refugees. A meeting of the Executive Committee of the IOC has been called for April 11 to act upon French government's invitation. The Director points out that the group of refugees concerned, namely German and Austrian refugees, is the group comprising the original mandate of the IOC when it was created in 1928 and the protection of their interests has always been an important function of the IOC. The Director strongly recommends that the Executive Committee give favorable consideration to the proposals of the French authorities pointing out that their acceptance will have the following results:

First. The ratification of the Convention by the French Government gives members of the group in France a definite status and specific rights.

Second. The approval of the proposals will confer on the IOC and its representative in France the formal authority to represent to the French Government matters of a general and particular character affecting the interests of members of the group.

Third. The grant of quasi-consular powers to the representative of the IOC will be an addition of much value to the functions which the committee has hitherto been able to perform on behalf of these refugees. I heartily encourage Director's recommendations and request that he be authorized before April 11th meeting to vote for approval of the proposals. Please instruct urgently.

WIRIEN
CABLE TO AMERICAN CONSULATE GENERAL, JERUSALEM, FROM WAR REFUGEES BOARD

Please deliver the following message to Judah Magenes, Jerusalem,
From Paul Saerwald, American Jewish Joint Distribution Committee:

QUOTE: HOPES IT IS POSSIBLE FOR YOU TO MAKE SHORT VISIT HERE IN ORDER TO SEE OUR EXPANDING PROGRAM IN PALESTINE AND MIDDLE EAST. OUR COMMITTEE FEELS THAT SUCH VISIT FOR CONSULTATION IMPORTANT AND NECESSARY. PLEASE ADVISE YOUR PLANS. ASSUME YOU WILL KEEP SOCIETY INFORMED. UNQUOTE.

11:30 A.M.
March 30, 1943

CABLE TO AMERICAN EMBASSY, LISBON, FROM THE WAR REFUGEES BOARD

Please deliver the following message to Harold Trood, Lisbon,
From C. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE: ADVISE SOCIETY COMMITTEE BELIEVES IT URGEABLE FOR YOUR VISIT HERE FOR CONSULTATION AND CONVERSATION. NATURALLY IF WE CAN ARRANGE VISIT HERE, IT MAY BE ADVANTAGEOUS TO POSTPONE RETURN TO LATER DATE. IN ANY EVENT WE CONSIDER HIS RETURN WITHIN NEXT TWO TO THREE MONTHS OF GREATEST IMPORTANCE. UNQUOTE.

11:30 A.M.
March 30, 1943

THIS IS HER LEBON CASE NO. 163

Regraded Unclassified
Camera to American Embassy, Lisbon, from the War Refugee Board

Please deliver the following message to Harold Trobe, Lisbon,
from H. A. Leavitt of American Jewish Joint Distribution Committee:

"Quoted April Appropriations Similar Match Except
Space 10,000 Utilizing unspent Balance 63,000 Poles 1,000,000
package services 20,000 transfer north Africa no provision
letter follows: unknown."

This in {\#154} Lisbon cable # 164.

11:30 a.m.
March 30, 1943
PLAIN

Lisbon

Dated March 30, 1945

Read 9:45 p.m.

Secretary of State,
Washington, D.C., March 30th

WIB 372 JDC 218

FOR LEAVITT FROM HAROLD TROY,

JERUSALEM arrived last Lisbon yesterday with
120 Turkish Sephardites en Bergen Reisen en route Istanbul
for exchange. Group left Bergen Reisen March 4 embarked
JERUSALEM at Setelberg where they received clothing,
food, some money from community. Ship then proceeded
Liverpool where Easter bread was eaten out aboard.
Group includes 28 women lately interned Ravensbruck two
Anneboths five Theresienstadt. Understand between 45
and 50 thousand persons still interned Bergen Reisen
many when lately transferred from camps Poland including
Birkenau. Report group 150 Spanish Sephardites from
Athens still Bergen Reisen but expected leave camp
soon for Switzerland. Ravensbruck has approximately
30 thousand internes among whom 3 thousand Jews mostly
Hungarian. Conditions seems terrible but as basic
change since last reliable reports but all persons urge
to eat more. JERUSALEM group previously
resided Italy, France, Holland, Belgium, Germany, Poland
and most of them anxious immigrate Palestine. We
distributed board money and fresh fruits aboard attended
personal needs necessaries. Ship will stop Port Said
en route Istanbul.

WTD

CROCKER

PARAGRAPH OF TELEGRAM RECEIVED

FROM: American Embassy, Rome

TO: Secretary of State, Washington

DATE: March 30, 1945

RECEIVER: 834

SECRET

This is a secret message.

For Harold Troy Jr., the following is in paraphrase from
Israel Jacobson.

Fifty-nine is the number. It was stated in a communication
received April 24 that they have been advised by the United States
Deputy Political Adviser that, according to information received
from the Embassy in Belgrade, negotiations are now in progress for the
dinar-dollar exchange rate. At earliest possible date, question of
remittances by JDC for relief purposes will be advanced. Developments
will be given to us currently. Best wishes.

This message has been repeated to the Department, as numbered
above, (1DC 22) for transmission to Moses A. Leavitt, Joint Distribution
Committee, New York, and it has also been sent to Lisbon.

KIRK

Regarded Unclassified
GAMKE TO CAPPERT, Paul, Mr. James H. Gamke from Secretary of the Treasury

In view of Taylor's absence from London you are instructed to return to London to be in charge of Treasury office there immediately upon completion of War Refugee Board negotiations with C-1 in Paris. War Refugee Board censors.
SECRET

OPTEL No. 102

Information received up to 10 a.m., 30th March, 1945.

Navy

1. HOME WATERS: 59th. One of H.M. Canadian Frigates torpedoed by U-boat off Largs End when 4 casualties suffered and although seriously damaged was towed into Mounts Bay.

2. NORWEGIAN WATERS: Two of H.M. Cruisers with 4 escort carriers and 7 destroyers (including two Canadian Destroyers) have returned from carrying out sweep off Norwegian coast. Bad weather impeded operations but on 28th aircraft attacked two ships and A.A. defences Aalesand and 8/2 station Vikere, when 3 enemy fighters shot down with 1 of our Barracudas missing.

Military

3. WESTERN FRONT:

Southern Sector: On 3rd U.S. Army front Frankfort reported clear after sharp street fighting, and armoured columns have reached Gelseren and Lauterbach (50 miles north and 45 miles N.N. Frankfort respectively), while Wiesbaden entered and enemy elements remaining in pocket S.W. of town being mopped up.

Central Sector: 1st U.S. Army tanks entered Marburg and have now struck due north in direction Paderborn.

Northern Sector: Resistance still strong on southern flank of Northern Group of armies but slackening slightly to north where troops of 3rd Canadian Infantry Division reported to have captured Bremereich after hard fighting, while in central British armoured units reported to have reached Coesfeld and Buldern in their drive N.E. towards Munster.

4. EASTERN FRONT:

Southern Sector: In rapid advance Russians have taken Szemchecky and Kapuvare while after capturing Kessig they have reached Austrian frontier 93 miles south Vienna.

5. SUTUNG:

Central Sector: Strong enemy opposition being encountered Tashkent area while enemy attacks against Volatile airstrips continue. Our troops now fighting to clear enemy road block 6 miles N.E. Nyikyn while to N.E. troops advancing from area west Eysuk is now within 1 mile of armoured column north Kytthar.

Northern Sector: Chinese troops have occupied Hing Yai (40 miles S.S. Lashio) without opposition.

Air

6. WESTERN FRONT:

29th. Bomber Command escorted Lancastiers 121 attacked Benzol plant Brunswiek (446 tons) through cloud.

SHARP (Air) aircraft dropped 94 tons on gun positions north Emmerich.


7. GIANT:

29th. 79 escorted Liberators (1 fighter missing) attacked supplies Bangkok (120 tons) with good results.

Home Security

(up to 7 a.m., 30th)

8. FLIGHT BOMBS: 29th. 11 plotted. 29th/30th (night). No activity.

9. ROCKETS: No rocket incidents reported for past 62 hours.
March 31, 1945
11:45 A.M.

HWJr: Dan?
Mr. Dan: Good morning.
HWJr: George and I are sitting here relaxing and you should be very jealous.
B: Well, I am, very envious.
HWJr: Yeah.
B: Nice hot sun and a good beach, I guess.
HWJr: That's right. Now, what do you know?
B: Well, I don't know much. I talked to Allan as I told you I would and he seems to be very agreeable to what you suggested to me in the morning.
HWJr: Yeah, you know ---
B: He said, "I think it is within the range of the suggestions of the Committee - a little longer in term, but," he said, "I don't think we will find any trouble in going along with you." I've not heard from Eccles. Ronald said he would try to get him something yesterday afternoon, and then try to talk to him today. But I told him that if he could let me know by 12 the tentative decision and the final by 12 o'clock Monday, I would appreciate it.

HWJr: Now, look. Hello?
B: Yes.
HWJr: The only thing that disturbed me a little bit was on the fixed maturity.
B: Yeah.
HWJr: And there is one thing. I wouldn't like that too much.
B: I wouldn't either. Well, Allan says this -- he said if there's a preference, he would like to have the fixed maturity at 5 and one and a half years, but he said he didn't want to in any way give the impression that the other wouldn't go. He said, "I think it would very well."

HWJr: No, I talked to him later on.
B: Oh, yeah.
HMJr: I told him to tell you.
B: Yes, he called me later and said he had talked to you.
HMJr: And he is perfectly satisfied if I wait to Monday evening.
B: Oh, yeah, he is all right. He said he thought that was a wise thing.
HMJr: And, but he said he thought that was the deadline.
B: Yeah, well, we are getting pretty close now, I think.
HMJr: Unless there is something in the war news, I don't see why I shouldn't.
B: I don't either.
HMJr: Anything else?
B: I've got two things — on June 15th we have the old veteran bonus bonds maturing.
HMJr: Yeah.
B: $15 million.
HMJr: Wait a minute, there is a plane going over. Wait a minute.
B: All right. [Pause]
HMJr: Hello.
B: $15 million dollars of the old veteran bonus bonds maturing, and there is ten years interest on it which gives us about $16, $50 increase.
HMJr: Yeah.
B: Making about $65 to 70 million all told.
HMJr: Yeah.
B: When we pay these bonds, we'll pay a $50 bond and we'll give them a check for $65.00 with the interest.
HMJr: Yeah.
B: Doesn't readily lend itself to any exchange of any kind into a bond.

HMJr: Yeah.

B: But I thought what I'd like to do would be to write to General Miles telling him about this and he can write ouo to his Agencies plus the American Legion and get them to encourage the boys to put their money into the Drive securities. It's and so forth.

HMJr: Good.

B: Then I thought that they might have Ted Gamble write his State Chairman that these bonds will be maturing and that the veterans should be urged to put them into the --

HMJr: I think that is good.

B: All right. Now, when they last talked with the bankers and others telling about putting restrictions on the 7th War Loan Drive, particularly the bankers in buying War Loan accounts. I suggested that we might put a restriction on the War Loan accounts -- say 25 or 30%. I've about come to the conclusion that in view of these restrictions that we've already got that we'd better leave the War Loan accounts alone.

"MJR: Well, I don't know too much about it, and I'd go by your advice.

B: Well, I think I'd just drop it and let it stand because I'm kinda afraid to monkey too much with it. We've put -- we shouldn't put too many restrictions on one Drive. Go by degrees.

HMJr: All right.

B: Now yesterday in the Senate there was quite a discussion of surplus property disposal, and the Treasury came in for some criticism.

HMJr: Yes.

B: All apparently are unjustified and based on erroneous information.

HMJr: Yeah.

B: They attached to the Treasury Bill this provision --

B (cont) "Provided that no part of this appropriation shall be available for expenditure unless and until the Surplus Property Board has authorized the Procurement Division to dispose of particular lots or categories of surplus property."

HMJr: My God.

B: Now John Pehle -- he's sending you a memo by the way -- I've got it here before me now.

HMJr: Yeah.

B: He says that it really doesn't add anything to what they've already got as authority in the Board. He's willing to accept it but what he would like to have done is the record cleared, and I'm going to call up Gillette and ask him if he will send a letter to Mr. McKellar, correcting the record and having Mr. McKellar put it in the Congressional Record.

HMJr: Well, I would make an effort to get it knocked out.

B: You would.

HMJr: Yeah.

B: Well, he says the amendment, as we read it, will have no real effect since the Surplus Property Board already has the power which is given to it under this amendment.

HMJr: Well, I can't say at this end -- I'm not -- I'll leave it up to you fellows, but I think it's a mistake. Sort of, oh, I don't know.

B: We might put in the Gillette letter that he already has this authority and Treasury is living up to it, and if it isn't needed, and therefore, we are asking that it be eliminated in conference.

HMJr: My advice would be to try to get it out. I don't care what Pehle says.

B: Yeah.

HMJr: I would make an effort.

B: Well, they are in my office now and are just waiting for me to come back, and we just started to discuss it.
Well, my advice is to try to get it out.

B: All right. That's all I have.

WMJ: All right, Ben.

B: Fine.

TREASURY DEPARTMENT
WASHINGTON

March 21, 1945

Mr. Dear Sir, Secretary:

Attached is a draft of the Baltimore speech. This has not been edited with the usual skill, touch, or ornament, but is not out of the typewriter. I am sending copies to all of you now, so that you can make their suggestions for changes today or Tuesday. I think the speech is very good and at least will need a change here and there in the interests of technical accuracy. It is the type of speech that we can read and distribute to the lay individuals and organizations receiving material five or six.

The Baltimore meeting is in good shape. Senator is trying to get radio time and the local committee in charge of arrangements is going to make this a very big event. The other speaker on the program with him is Ben Hechinger.

You asked me to give you a brief report on our activities of the past week or so. They are listed below:

1. I arranged with many newspapers to activate small business groups and individuals throughout the country in behalf of veteran debtors. Senator arranged a meeting of the board of directors which pursuant to a task. The group was quite enthusiastic and will take decisive steps in our behalf. See if this matter goes on arrangements for suite, certificate and myself to meet with members of the House Small Business Committee. A representative of the committee was present at Senator's meeting.

2. I contacted J. L. Wilson, Director of the Extension Services in the Department of Agriculture. He has met with some of the people and worked on a plan for getting county agents working on veteran debts.

3. He arranged for Hall Claggett to make a 15-minute broadcast last Saturday night over WFA. He did a very good job. The speech has been inserted in the Congressional Record by Senator Harken.
Arrangements have been completed with Lady Margaret Harcourt for your interlude over lunch in New York on 1st June. You’ll be in New York by the noon flight.

We are preparing questions and answers for you and Elsie Harcourt.

I have been in touch with Dorothy Leach of the National Association of Broadcasters and we have worked out a program for supplying material to 700 women communicators throughout the country. The material will be prepared by my staff and sent to the communicators by a number of outside organizations such as National Women’s Council, League of Women Voters, American United, and some of the church groups. In this connection, I have arranged an arrangement with Mrs. Reclus Edwards of the Democratic National Committee whereby they will supply copies of a flyer for distribution to the women communicators.

We have worked with the Housewives Committee in the preparation of a radio show which tells the story of cotton goods. They will distribute it.

Similarly, we have worked with the League of Women Voters in the preparation of a highly simplified pamphlet entitled, “The True Story of Cotton Goods,” geared to the children’s level.

We have prepared a fact sheet on cotton goods which will be distributed widely under the auspices of various organizations. We have arranged for the distribution of 5,000 pamphlets on cotton goods to college presidents and school teachers. In this connection, it was arranged that requests for the material come to us from the president of the American Association of University Women and the National Recreation Association, for distribution to their members.

We have kept up the flow of material into the Congressional Record for various Congressmen and Senators.

We have worked with a number of national organizations, particularly church groups, getting new endorsements and more action by those who have already endorsed cotton goods.

Through Dorothy Leach, when you may remember as the organizer of Republicans for Roosevelt, we have started to organize business men on the West Coast to join with our Eastern group in the Northeast and Midwest committees for cotton goods, which we hope to announce in mid-April.

We have scheduled a number of additional speaking engagements on cotton goods for various meetings in critical areas throughout the country.

In are still on the trail of the banana industry, but I must admit that I have not hit the nail on the head yet. We hope to get to Cuba early next week. Also, I have an appointment tomorrow with Bob Hampshire to get his assistance with some of the industry groups.

Enclosures.

This letter dictated by Mr. Felix and read by Mrs. LeRoy.

Seabrook, New Hampshire

April 3rd

Regraded Unclassified
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

TO Secretary Morgenthau
FROM Randolph F. Field

This is just a suggestion.

As I indicated to you over the telephone this morning, the question of the psychological effect of V-E Day is causing a lot of concern here in Washington. Just that kind of celebration is best for that occasion in an important question at the moment. I submit that it would be effective to promote a series of special bond rallies in every large city on V-E Day, at which time a special issue commemorating the day and pointing to the continuation of the war against Japan would be sold.

This would have a dual purpose:

1. It would provide a device through which citizens could give vent to their desire to celebrate, and
2. It would place emphasis upon the fact that the war is continuing.

It might produce some real bond sales and, at the same time, interrupt the trend of thinking that the war is over.

Draft of Speech

Secretary Morgenthau

April 15, 1945 - Fifth Regiment Armory, Baltimore, Maryland

I understand that there are more than 15,000 of us here tonight. I wish we were 15 million, for the matters we have to discuss, the problems we must quickly solve are of vital concern to every American. Egbert and in utter confidence, we work for the day when the military might of Germany and Japan will each receive its death blow, but two enemy factors look beyond that day with a feeling of certainty that he will be employed in a prosperous, peaceful world.

Paradoxically enough, these problems are of greatest concern to the very people here turning the wheels of our industry faster. The welder must wonder every time he watches his completed ship slide down the ways what he will be doing when the ship-building program is finished. The maker of battles must often count his chances of continued work in the machine tool industry, which now employs ten times the number required before the armaments race.

The steel producer, the copper roller, the chemist look anxiously from war-related industries to an uncertain future.
We may comfort ourselves with the thought that domestic reconversion and replacements of equipment will keep us at work, but considering that before the war this country faced its most severe ever to utilize our full capacity of steel production, in good years or bad, how long will the industry continue at a capacity increased by 2½ million dollars worth of new facilities? How long will a capacity quota of aircraft workers continue to stream into plants if plane production drops from 100,000 a year to 25,000? And in the machine tool industry, every effort will be required to prevent repetition of the unemployment which followed World War I when production fell 70 per cent in a single year.

Holding our problem of employment in no small task, but formidable as it seems at first, I haven’t a single doubt that it can be done, and I’ll tell you why. The world’s greatest holocaust, the tragic destruction and waste of the war years, presents the world’s greatest opportunity for a fuller and better life for all the world’s people. In helping the people of the devastated areas to regain their lost and begin this life, we can help ourselves to an unprecedented era of prosperity.

Let me give you an example.
millions of new customers, each the envy of a thousand neighbors. Then I tell you that there are only one of 45,000 such categories of commodities which may become economic necessity, you will see that I may, when I say that the rest of the world to its last will help us to prosperity.

The needs of war-torn countries exceed anything our imaginations can conceive. Transportation systems, factories, power plants, bridges, ports, and harbor installations that were a thousand years in developing are now in ruins. The task of getting blood circulating again in the veins of industry depends largely upon the people in the countries affected, but they must have help.

Now being a businessman myself, I have never advocated giving away anything, and I do not favor making indiscriminate gifts abroad even now. But it is poor business indeed not to sell a man need-served on time. The world is still a good credit risk. Actually, broken and bloody as it is, it remains a "locomotive" to a "harbor." We learned that from the liberated countries of Europe, who ask not for relief, but for a chance to rebuild their shattered economic life. What they ask is enough credit to allow a fair start.

In July of last year, representatives of 44 nations met at Bretton Woods, New Hampshire to devise means of establishing this credit in sufficient quantity. The means they devised was simply a bank, an international bank, the working capital of which will be subscribed by all 44 nations, each according to its capacity.

The bank proceeds on tried principles roughly similar to those used so successfully for the past ten years by the Federal Housing Authority in helping American citizens to become home owners. A lot of technical jargon may go on now, the experts behind the scenes, but actually all that happens is that a loan is guaranteed. In the case of FHA, the U.S. Government guarantees against loss the banker lending to a prospective home-builder. In the case of the International Bank, all the governments of the member nations guarantees against loss the individual or institution backing a productive enterprise in a foreign country. That the risk is shared.

Bryce Van Haliard approached the International Bank to borrow money to rebuild a city destroyed by the Nazis. The lending countries would establish to its satisfaction that the project was for a productive purpose, in this case obvious. Then, if the government of Holland would guarantee the loan,
it could be made.

The loaf, which would guarantee an investor against any loss on his part of the loan to Holland, is simple and veritable enough, yet it will fail absolutely if the government of Holland should arbitrarily, without warning, alter drastically the value of its money. If you had lent Holland a hundred dollars, you would be pretty sure to learn one morning that she had suddenly declared the guilder worth 35 instead of 31, simply cutting your 100 down to 35. You and all other lenders would lose confidence and no more loans would be made.

Actually, there are several such evils which can result if one government acts independently without consulting the others. Our late economic rival, Germany, was a part master at this. In the little unannounced surprise, shipments of steel, copper, and oil from this very port of Baltimore were more than once paid for with.coroutines which could be spent only as Germany deemed—sometimes for wooden toys or aspirin tablets. She paid for one shipment of N. J. oil with German marken and for a valuable American automotive press with 200 thousand coopers. She bought

South Africa's entire wool clip for three years with presents of locomotives, automotive equipment, and similar goods.

South Africa never did receive these goods.

Then one nation begins these currency manipulations, others retaliate and trade between nations dies. In the 1920's every part of our American economy was directly affected by these unpredictable changes. Cotton prices in the South fell to the point where cotton growers were forced to sell for one-fifth their total production; but from 1921 to 1924, the period of exchange discrimination, the yearly export fell to 35 million, only 40 of the total. This helps explain why wheat sold for 31.64 a bushel in May, 1923, and 49 in December 1925, and why the flour that brought the merchant 31.68 in 1923 was stamped as the market in 1928 at 34.30.

Not in Baltimore— the second largest port in the U. S. — can recall the calamity that hit this city in 1923 as these exports and imports fell.
off. Earnings in the shipping industry declined even more than proportionately to the amount of trade because empty bottoms brought down freight rates. While total foreign trade was cut to a third, shipping revenues were reduced to one-fifth in these critical years.

Those were low days for the American farmer, merchant, industrialist, and industrial worker, but the latter fact is that the very same forces which caused their misery are still at work in the economic world today.

If we drift on without reaching relative stability in currencies, we will find ourselves right back again on the road to World War III. We must assure that currency manipulation can become the most effective weapon in economic aggression, for the representatives of the Bretton Woods agreement that it could have to be outlawed in a world seeking peace. That all the representatives, coming from countries of widely different economic status and interests, did reach this significant agreement is the most convincing evidence yet that the nations of the world are seriously interested in stopping war, that the family of nations can live together in a spirit of mutually helpful cooperation.

The means they proposed was an International Fund. Money subscribed for it will be used to stabilize international currency as money in the bank will guarantee loans. The technique of stabilization is as well understood as that of making loans, and once the mechanism is set up it works. By a fund of $30,000,000,000 the Treasury has effectively stabilized S.U. currency and earned $20,000,000 doing it. These technical matters are no more complex than in any other specialized device of our time. The inner workings of an ordinary traffic system are a mystery to most of us, but even a Seeing Eye dog keeps his master out of trouble by stopping for the red light and going on the green.
Nobody pretends that the Bretton Woods proposals are perfect. Modifications will doubtless be made in the light of practical experience. The important fact is that nobody can lose by Bretton Woods except a few speculators who make money gambling on the ups and downs of highly unstable currency. It is imperative to set up the machinery as soon as possible — not to risk the rejection of something that is admittedly 90% good because it may not be 100% good.

To be narrow-minded now is fatal. We have within our grasp history's greatest opportunity, which if not seized will turn into history's greatest calamity. We are the most powerful of all nations. The rest are looking to see if we are going to lead in world cooperation or withdraw, as from the League of Nations. If its strongest prop is removed, Bretton Woods will collapse. When it does, world peace flies out the window. When economic warfare is rampant, military warfare is not far off. Dumberton Oaks is the police force and the court that brings quarrelling nations into custody and try to make them settle their differences. Bretton Woods is the traffic system to keep them from having collisions in the first place.

You and I will prosper in the post-war world only if it enters an era of the greatest expansion of trade between nations that it has ever known. We must have an International Bank and an International Fund to guarantee the economic seed-corn which means rehabilitation for the rest of the world and a harvest for us as well as for them. The most skilled technical people that the governments of 44 nations could find have worked out this system to speed traffic smoothly and swiftly through the waterways, highways, and airways of world trade.

Let no one fear development of other countries that this easy flow of trade will bring. As we can see from the example of the million generating stations whose countries have developed their resources they will be in an even better position to buy from the United States. Only 11 million people in highly developed Canada buy three times as much American goods as all the 620 million people of undeveloped China and India put together.

Bretton Woods is an Economic Magna Charta, a Bill of Rights for the world. It comes right down to the workbench and the lathe and the fate of the unborn child. It provides a broad base in reality for all previous Charters. The Atlantic Charter's Freedom from Fear and Want will be
realized only on a solid foundation of world prosperity.

We can reject Bretton Woods and make the world hate and kill our
grandchildren. We can accept it and give the world a new lease on life.
TREASURY DEPARTMENT

INTRA OFFICE COMMUNICATION

TO
Secretary Morgenthau

FROM
J. W. Pehle

DATE
March 31, 1945

The Procurement Division appropriation covering the expenses of its disposal of surplus property for the fiscal year beginning July 1, 1945 came up for discussion on the floor of the Senate yesterday, March 30.

There was a long, somewhat heated discussion, much of it the result of misunderstandings, and full of inaccuracies. The following points were made by various members of the Senate:

1. That the Treasury Department is disposing of surplus property without the knowledge or approval of the Surplus Property Board. This is obviously not true. The misunderstanding apparently results from statements made by Senator Gillette before one of the Congressional committees criticizing the action of the owning agencies, such as the Army and Navy, in disposing of property under the authority of various outstanding statutes without declaring it surplus. It has nothing to do with the Procurement Division's sales of surplus but the misunderstanding resulted in criticism of the Treasury.

2. Various Senators criticized Byrnes' office for not letting the Surplus Property Board be an operating agency with a large operating staff. They also criticized the Surplus Property Board for retaining Will Clayton's staff instead of getting a staff of its own.

3. Various Senators criticized the Budget Bureau for taking the same position.

4. The RFC was criticized for disposing of property without the approval of the Surplus Property Board and for crediting the proceeds from the sale of its surplus property to its own corporate funds instead of transferring them to Miscellaneous Receipts.

5. Senator Langer tried to get the whole appropriation stricken which the Senate refused to do.

As the result of this discussion the Senate adopted an amendment reading as follows:

"Provided, That no part of this appropriation shall be available for expenditure unless and until the Surplus Property Board has authorized the Procurement Division to dispose of particular lots or categories of surplus property."

It was quite clear from the discussion on the floor of the Senate that a similar provision would have been enacted with respect to disposal of surplus property by other disposal agencies but for the fact that only the Treasury Department appropriation was before the Senate and any attempt to make such a provision apply to other agencies would have been subject to a point of order.

The amendment, as we read it, will have no real effect since the Surplus Property Board already has the power which is given to it under this amendment. However, we are going to try to get the amendment eliminated since it might be used against us in some way which we can not now anticipate.

The bill now goes back to the House and presumably the matter will be adjudicated in legislative conference.

I am keeping Mr. D. W. Bell completely posted on all developments. We are working on some method of clarifying the public relations aspects of this matter.
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE Mar. 31, 1945

TO Secretary Morgenthau
FROM J. W. Pehle

FOR YOUR INFORMATION

The attached is a good example of criticism turned to advantage.

Attachment
THE INDIANAPOLIS NEWS
INDIANAPOLIS, IND.

Dear Mr. Frew,

We at THE NEWS were impressed with your short letter concerning our recent editorial.

The feintor was unanimous here that your two brief and pointed paragraphs did more for the Treasury Department than our two pages of "explanation" could possibly have done.

You are - good sport.

I stick our own handle of the letter.

Sincerely,

[Signature]

RONALD E. JOHNSON,
Chief Editorial Writer.

Albert R. Frew,
Imprint Division,
THE DAILY NEWS,
Washington, D.C.

March 25th, 1946.
THE VOICE

The editor welcomes letters on
name and address of the writer. The
the names of second lines are placed

Me in a Big Way

In the editorial of the May 30
Perhaps it's because we want
in full face; in few places; these
call that we shall all our Sunday
and sing our own praises to bring
us into that proper order which
is the key to the editorial. "What a Big Boy
Foer" in its edition of May 30.

We are proud of the Kerners
and we should have let the
facts speak for themselves. We are
properly informed. It isn't fair
again.

ALBERT W. FREY

Editor, The News, Knoxville, Tennessee

[Editor's Note: The News correspondents Mr. Foer and
his associates on May 30, 1945, had an interview in
the Kerners' suite—up to the horn-
setting stage.]
"What A Big Boy Am I"

Among the day’s voluminous pile of press releases issued by the various agencies, departments, bureaus and divisions of the government of the United States to newspapers was one recently labeled “for immediate release.” It said:

“Selling more than 90 pieces of construction machinery and farm equipment each hour was a big job and a job well done by the U. S. Treasury office of surplus property held in Kearney, Nebraska.”

The release went on to mention the “real service” being rendered by these matchless servants of the public good, to lead the treasury’s “fast action,” plus other comments, to wit: “The buyers apparently liked the fair and square way in which the sale was conducted.” It is almost unnecessary to point out that this release was prepared by the Treasury Department’s own matchless section of press agents. The only comment that occurs to describe it at the moment is Bruce Barton’s remark that “concent in God’s gift is little nag.”
TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

TO
Secretary Morgenthau (For information)

FROM
Mr. Goo FC

DATE
March 31, 1945

Subject: Digest of the main points in the annual review by the Federal Reserve Bank of New York of the balance of payments of the United States for 1944

1. Cash imports into the United States exceeded cash exports by $860,000,000. Latin American countries benefited particularly. Transactions for official account continued, to a considerable extent, to be dominant.

2. Overseas expenditure by this Government affected through the Federal Reserve Bank of New York amounted to $1,460,000,000. Such expenditures aided the British more than all other countries. The use of special currencies in the liberated areas caused remittances through the Bank during the last half of the year.

3. Foreign countries added $130,000,000 to their dollar balances; purchased $105,000,000 of securities (foreign and domestic), purchased $45,000,000 of gold for earmarking and exported $855,000,000 of gold.

4. The United Kingdom acquired $670,000,000 of gold in this country. Total British short-term balances have declined by about $370,000,000. The gold acquisitions represent (a) the replacement of gold sold by the British in India and the Middle East, (b) the need to cover gold commitments to Switzerland and possibly other countries, and (c) the desire to build up gold reserves against post-war demands.

5. Latin American countries purchased $400,000,000 of gold and added $315,000,000 to their dollar balances. One-third of this accretion of gold and dollar balances was for Argentine account. Latin American accumulations of gold reflect a desire to recoup previous losses.
Dear Mr. Morgenthau,

I thought you might be interested in my broadcast this evening on the subject of Bretton Woods.

Sincerely,

[Signature]

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

As the mounting offensive of Allied power levels city after city in Germany into rubble and dust — as Soviet, British and American forces plunge deeper and deeper into the heart of the German Reich and the total defeat of Germany becomes more assuredly a matter of days — rather than months -- all over the world the people of the nations committed to the task of defeating Germany and Japan are asking -- and then what?

To try to answer this question - the representatives of forty-four nations met in July last year, at Bretton Woods, New Hampshire. Subsequently - a meeting between delegates of Britain, the Soviet and the United States — was convened in Washington, at Dumbarton Oaks - toward the same end. To try to find the answer to the "what now" of the post-war future -- without waiting for it to overtake us unprepared and without plans for organizing an enduring peace and some hope of world security.
The whole idea of both the Bretton Woods and Dumbarton Oaks meetings was to endeavor to make plans which would result in international agreements among all the nations of the world except Germany and Japan - for preventing threats to world peace, and suppressing them should they occur - and for the promotion of economic and financial measures which would develop internal stability and security of all the nations of the world - and thus eliminate one of the primary causes of war.

The Dumbarton Oaks conference now to be implemented by the presence of all the United Nations will be continued this April 25th at San Francisco. The results of the Bretton Woods meeting - a program for international monetary stability - is now in the hands of the United States Congress for their approval by means of a joint resolution of both houses. If the Bretton Woods proposals are not approved by Congress prior to the United Nations meeting in San Francisco in April - or if Congress decides to make any drastic alterations in the Bretton Woods proposals as they stand - there will be very little likelihood of the creation of a world organization at San Francisco - for such action on our part - or lack of action - would shake the faith of all the other nations of the world regarding their ability to rely on any commitments made by delegates of the United States at any international conference.

Despite this fact - there is well organized opposition - and extremely vocal opposition - to the Bretton Woods proposals - on the part of certain banking institutions in the United States. This opposition has come recently in a heavy barrage from the American Bankers Association.

This opposition does not come from the entire membership of the Bankers Association. It springs only from those banks which have dealt unrestrainedly in speculation in international currencies - and whose speculations - and profits on those
speculations - would be curtailed by the
Bretton Woods proposals -- in the same manner
as gambling speculation has been curtailed
in the stock market through the establishment
of the Securities and Exchange Commission.

The Bretton Woods proposals are set up in
two main categories. One is the International
Bank - which would either guarantee loans to
be made by private banks to countries of the
world for industrial and commercial purposes,

The other is the International Monetary Fund -
the purpose of which it would be to promote
exchange stabilization and to help to prevent
the depreciation of any one country's currency
with relation to another.

Foremost banking and financial authorities
of Britain and the United States, and of
many other nations - have worked on the problem
of this Bank and Fund for the past three
years. The proposals they agreed upon at
Bretton Woods are as sound as the best of
the world's technical banking experts can
make them. They were approved in principle by
the delegates of forty-four nations at Bretton
Woods. The purpose for which they were
designed was to eliminate the causes of national
or world wide depressions and financial panics - and thus to eliminate one
of the primary causes of wars between nations.

The opposition to the Bretton Woods
proposals - by the American Bankers Association
kings at the moment on the proposal to set
up two separate organizations - the International
Bank - and the Monetary Fund. The Bankers
Association wants to eliminate the Fund - the
purpose of which is to stabilize world currency
exchange rates. Why two organizations - they
ask - when the Bank alone could do the work
all by itself? And yet - only six short
months ago - the American Bankers Association
was all for doing away with the Bank - and
keeping the Fund. Now - only six months later -
they have reversed themselves. They would
kill the Fund - and keep the Bank.
But not all bankers think alike on this matter. There is a sharp difference of opinion among them — and a large section of important American banking opinion has come out unreservedly in favor of the Bretton Woods proposals as they stand. An examination of the nature of the banks on either side of the Bretton Woods fence reveals — that bankers who make money by financing industry and commerce, are for the Bretton Woods proposals. While bankers who make most of their money by speculation in money — are against them.

While the American Bankers Association protests that it is in favor of world stabilization — but in some different way from Bretton Woods — the good faith of the Association may be judged by its stand on four major issues which have been put into effect by the government — and which ever since have been of great benefit to every American citizen in every walk of life. These four issues are:

The Federal Reserve System — the Postal Savings Banks — the Security and Exchange Commission — and Federal Deposit Insurance, under which you and I can no longer lose our money through the failure of a savings bank. Every single one of these reforms which have been of such great benefit — was opposed by the American Bankers Association. It has a one hundred percent negative record on legislation beneficial to the American people. And now — in the same way — the same Association is opposed to Bretton Woods.

The pros and cons of the Bretton Woods proposals appear to be simply this — that the Administration in Washington, including the Secretary of State and the Secretary of the Treasury — believe that the wisest course to take — to help bring about a peaceful and secure post-war world — is to prevent emergencies and catastrophes from arising. And toward this end they have participated in developing the Bretton Woods proposals.
While the opposition - or anti-administration forces - appear to believe that the proper procedure would be to let the emergencies and financial disasters develop without making any effort to avert them - and then decide what should be done when they happen.

That - in its essence - appears to be the basis of conflict between the two points of view.

When the subject of Bretton Woods or the Baltimore Oaths is brought up - there is always some skepticism expressed in some quarters concerning the good faith of the Soviet Union.

Now, we may not approve of the Soviet form of dictatorship - and we certainly do not want to see anything like it here - ever. But unless the record can reveal something as yet undisclosed - it is a fact that there is nothing in the history of the Soviet to indicate any basis for any suspicion that the Soviet Union does not adhere strictly to the letter and the spirit of the agreements into which it enters.

Secretary Morgenthau this week made public an incident typical of the Soviet's attitude in the early days of the war, he said, before lend-lease to the Soviet had been arranged - the United States sold six million dollars worth of war equipment to the Soviet, which was to be paid for within ninety days - in gold. The gold was shipped from Hamburg aboard a British warship. But the ship - attacked by German forces - was sunk.

The Soviet - pointed out Mr. Morgenthau - could have claimed that they had actually shipped the six million dollars in gold, and could have set up quite a case for placing responsibility upon Britain, whose ship carried it, and ourselves, who authorized it. Lengthy negotiations could have been entered into - which might have barred on into the distant and possibly unending future.

But all that happened was - that the Soviet ambassador called upon the Secretary of the
Treasury in Washington - to apologize for the fact that his government would need another ninety days extension of time to replace the devaluation payment. And within ninety days Moscow flew a second six million dollars in gold - from Siberia to Washington. The Soviet - as a result - had paid twelve million dollars in gold - on a six million dollar debt - without one word of question.

Good night.

............
April 7, 1945.

Dear Mr. Shaw:

Since Secretary Morgenthau has been detained and is likely to be away several more days I am acknowledging for his receipt of your letter and a copy of your fine broadcast of a week ago. We had been holding the same script for him, expecting his return this week-end.

I shall see that it goes to him when he returns. I know that he will be pleased by your kindness in sending it to him.

Sincerely,

Herbert E. Ganton
Assistant Secretary of the Treasury.

Mr. Bruno Shaw
News Room, Blue Network
30 Rockefeller Plaza
New York, New York


Dear Mr. Shaw:

Thank you very much for sending me a copy of your March 30 broadcast on Bretton Woods. I hope you will continue to do the same kind of fine work.

Sincerely yours,

Secretary of the Treasury.

Mr. Bruno Shaw
News Room
Blue Network
30 Rockefeller Plaza
New York, N.Y.
TREASURY DEPARTMENT
WASHINGTON
March 31, 1943

Dear Mr. Secretary:

A subcommittee of the so-called Clayton Committee has been meeting since last Tuesday, first in Schieflinger's office at State on the general directive to reduce JCS 1007 and then in my office in the Treasury to agree upon a financial directive to replace the previous one. The War Department has been represented by Col. Bertling, Col. Knecht, and various people on the economic side. The Treasury by Dinsmore, Frieden (legal) and myself, Mr. By, Mr. Dowling and others. We will hold a meeting on the directive on Saturday night and if we can't agree to the new directive we shall call the War department on Monday night.

Drafts of the directive have been kept in this office in almost their present form. In addition the War Department has been out for a week and has left to agree on the directive on certain issues of administration and de
centralization.

In all the arguments, we were able to get as far as we did because, we had the President's directive to fall back upon.

Some highlights of part I of the directive are:

1. Administration. Strong statements on deconcentration are included.
2. Denationalization. It contains all the good language from the President's directive and many specific measures in the right direction. It is the best document yet on this subject.
3. Demobilization. The demobilization section is revised to make it easier comparing military personnel and in the seizure of arms. The whole question of the destruction of specialized military installations is taken over to the economic directive (part III) which has not yet been discussed. We wished that the destruction of specialized facilities for military production should be included in this section, but capitulated when War agreed with State and NA that it should be dealt with in the economic directive. Therefore, the extent of the destruction to be carried out is still not decided.
4. Controls. The language of this part minimizes their use, but State and NA intend to have their main say in the economic directive (part III).

Financial directive

The Treasury accepted the directive I as a working basis the War department draft, which I turned out as an improvement over JCS 1007. In it we have considerably strengthened the directive.

Controls and responsibilities. The language proposed by State on this subject was, over the line. It is now agreed to by the Treasury but it is not clear that State will agree to leave all of it out.

Export and foreign exchange control. These powers have been strengthened.

External assets. It has been agreed that all external assets will be seized and held for reparations and restitution and other purposes. This leaves the door open for their use to pay for imports. We have reserved on this matter.

Inflation. There is the most vigorous debate on this point, with State proposing extensive responsibility. We have drafted it down to a purpose which says that the German authorities "will be held responsible...." We are
afraid that this leaves too much lee way, and intend to raise the matter in a day or so.

European Advisory Commission. The most vigorous debate on all occurred when the other agencies learned that the State Department had not instructed almost to present the President's economic directive to the EAC and to negotiate an agreement upon it with our allies. Col. Hooton, supported by us, insisted that almost be given strong instructions on this. When we reconvened the next day we found that State has drafted a very weak cable which would have encouraged almost to put every other matter of business before the President's directive. After an argument a strong cable beginning "It is imperative" was agreed to. However, the next day State department said that they would not be permitted to send this. Treasury and Navy insisted on the strong cable but later agreed on a compromise in order to get the matter over to London.

Throughout this argument on protocol, Middleberger for State was unable to give a cogent explanation of their conduct. It is apparent to me, however, that State simply does not like the President's directive and intends that it shall have an little effect and circulation as possible. I was very glad that Hooton experienced this right and got a personal view of the sabotaging tactics which were employed. He requested a copy of the letter of transmittal from State to EAC on the President's directive, but I do not believe he succeeded in obtaining it.

Economic Directive

State has said in a way that they were not ready to begin discussions of the economic directive. Crowly has already rung them to urge that this matter be expedited. He said our intent to ring on London at the highest available level to urge the same thing.

FIA has circulated a draft economic directive, which envisages a certain amount of destruction, a matter of prohibitions upon production and a series of ceilings upon the production of certain items of heavy industry. Their document also proceeds along the Anderson theory of a long list of controls. Our does not intend to prepare a directive in this field, and states they are restricting themselves to administrative matters. We are at work on an alternative

version. By belief is that the arguments on this matter will last all of the coming week.

In short, thanks to the President's directive, we have got the documents which can probably be agreed at the highest level and are over-all -- an improvement over all predecessors. But, mainly because of State, we expect to have great trouble on the subjects of deindustrialization and economic controls. The Treasury staff has worked long and hard and I think effectively on these matters.

Yours sincerely,

F.B. Cozin

Regraded Unclassified
THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN EMBASSY
Rome, Italy, March 31, 1945.

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

Sir:
There is transmitted a letter addressed to you by
the Prime Minister of Italy, H. E. Ivone Bonomi, to-
gether with a translation.

Respectfully yours,

Henry J. Tasca
Henry J. Tasca
U. S. Treasury Representative

Enclosure:
Letter and translation

Translation
of letter from H. E. I. Bonomi to
Secretary of U. S. Treasury

March 30, 1945.

Dear Minister:

Dr. Henry J. Tasca, your personal representative in
Rome, has given me your welcome letter of March 7.

For myself, the Italian Government and the Italian
people, I wish to express the greatest appreciation for
your hope that there will be a rapid resuscitation of our
country.

The assistance which Dr. Tasca will be able to give
the Italian Government on all questions of mutual inter-
est to our two countries, for the purpose of making more
intimate and fruitful the friendship between the great
American nation and Italy is sincerely welcome and will
be particularly appreciated.

Please accept, my dear Minister, my cordial greetings.

Signed: Ivone Bonomi
Il Presidente
del Consiglio dei Ministri

Caro Ministro,

Il dr. Henry M. Tasse, Soc. rappresentante personale a Roma, mi ha consegnato la grazia sua lettera del 7 corrente.

A nome mio personale, del Governo e del popolo italiano desidero esprimere i più vivi ringraziamenti per gli auguri che ella, caro Ministro, ha formulati per la rapida risonnità del nostro Paese.

Di sincero gradimento e particolarmente apprezzata sarà l'assistenza che, per Sue incarico, l'elegante dr. Tasse si appresta a dare al Governo italiano su tutte le questioni che interessano i nostri due Paesi, nell'intento di render più intima ed efficace di risultati l'amicizia fra la grande Nazione Americana e l'Italia.

Voglia accogliere, caro Ministro, i miei cordiali saluti

[Signature]

a Mr. Henry Morgenthau Jr.
Ministro del Tesoro degli
Stati Uniti dell'America del Nord
WASHINGTON
When Treas wrote its ltr of 3/17 to State protesting proposed sale of Spanish properties of 1939, it did not know of the existence of State's memo to Spanish Ambassador of 12/8/44. Treasury is issuing a license authorizing the sale.

Sar Stettiner
By dear Mr. Secretary:

Reference is made to the letter of March 29 from the Acting Secretary of State concerning the proposed sale of the Spanish properties of the International Telephone and Telegraph Company.

This letter states, notwithstanding the contents of Secretary Morgenthau's letter of March 17, that your department questions whether there would be justification in denying the license sought by the International Telephone and Telegraph Company merely on the basis of safety considerations.

The terms of the State Department memorandum of December 6, 1944 to the Spanish ambassador in connection with the sale of these properties firmly urged the Spanish Government to arrive at an equitable arrangement with the American company and therefore committed this Government not to stand in the way of a sale that might be agreed between the Spanish Government and the International Telephone and Telegraph Company. Of special interest in this direction is the last line of the memorandum, which reads as follows: "Continuing unfavorable treatment of this matter cannot fail to be prejudicial to general relations between the two countries." The existence of this memorandum was hereafter unknown to this department and was not referred to in previous correspondence or discussions between representatives of our two governments.

In view of your letter of March 29 and the accompanying memorandum this department is issuing a license authorizing the sale.

Very truly yours,

Acting Secretary of the Treasury.

The Honorable,
The Secretary of State.

Washington 25/3/45
My dear Mr. Secretary:

In Mr. Stettinhaus' absence I have received your letter of March 17 with regard to the sale of the Spanish properties of the International Telephone and Telegraph Company.

We have reviewed this situation and as stated in the Department's letter of February 28, we still see no objection to the transaction in question. While we appreciate that German capital is seeking out and has been seeking safe haven in Spain, I question whether there would be justification in denying the license sought by the International Telephone and Telegraph Company merely on the possibility that German capital might seek cover through the purchase of Telephone Company shares at such time as the Spanish Government may put these shares on the open market.

I enclose for your information a copy of a memorandum dated December 6, 1944 which was given to the Spanish Ambassador and which dealt with this question of the sale of the holdings in Spain of the International Telephone and Telegraph Company. I believe that you will agree, after reading this memorandum, that should the Company be unable to complete its contract with the Spanish Government because of the action of the American Government, it would be extremely difficult for this Department to accord to the Company the protection which American interests in foreign countries have a right to expect.

Sincerely yours,

[Signature]

Enclosure:

To Spanish Ambassador,
December 6, 1944.

Acting Secretary

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

---

December 6, 1944.

MEMORANDUM

The International Telephone and Telegraph Corporation, an American interest having an important investment in Spain, has been seriously prejudiced over a period of years by acts of the Spanish Government. Claims and complaints of the company have met with no remedial response and the company's legal personality, recognized when the investment was being made in Spain, appears to be questioned, inasmuch as the company is denied the right to voice its grievances to the Presidency of the Spanish Government.

The American Embassy in Madrid has protested in writing and orally to the Chief of the Spanish State and to the Minister of Foreign Affairs without effect. On September 11 the former undertook to name a commission with full powers to deal promptly with the company's representatives, but no further action has been reported.

Meanwhile
DEPARTMENT OF STATE
WASHINGTON

March 31, 1944

My Dear Mr. Secretary:

In Mr. Stettinius' absence I have received your letter of March 19 with regard to the sale of the Spanish properties of the International Telephone and Telegraph Company.

We have reviewed this situation and as stated in the Department's letter of February 22 we still see no objection to the transaction in question. While we appreciate that German capital is seeking a haven in Spain, I question whether there would be justification in denying the license sought by the International Telephone and Telegraph Company merely on the possibility that German capital might seek cover through the purchase of Telephone Company shares at such time as the Spanish Government may put these shares on the open market.

I enclose for your information a copy of a memorandum dated December 6, 1944 which was given to the Spanish Ambassador and which dealt with this question of the sale of the holdings in Spain of the International Telephone and Telegraph Company. I believe that you will agree, after reading this memorandum, that the Company be unable to complete its contract with the Spanish Government because of the action of the American Government, it would be extremely difficult for this Department to accord to the Company the protection which American interests in foreign countries have a right to expect.

Sincerely yours,

Acting Secretary

Enclosure:
To Spanish Ambassador, December 6, 1944.

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

December 6, 1944.

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Meanwhile
Meanwhile the situation has been aggravated by the issuance on September 26 of a decree regarding the employment of foreigners in public utilities in Spain. This decree, if applied to the subsidiary Compañía Telefónica Nacional de España, would violate the concession contract. Moreover the decree was issued after Ambassador Hayes had been given to understand that pending negotiations no steps would be taken to alter the position either of the OTNE or of the ITT. On September 26 an order was issued by the Presidency to the effect that until the majority of the common stock of the OTNE should be placed in Spain all acts of stockholders' meetings and of the Board of Directors of the OTNE would be illegal.

This Government is concerned both because of the particular American interest and investment involved and because the methods of the Spanish Government reflect the development of a policy having broader implications, at variance with assurances the American Embassy has been given that the Spanish Government welcomes American investments and enterprise.

The Department feels that the commission proposed by General Franco should be named without further delay and that equitable arrangements should be arrived at with the American company. Continuing unfavorable treatment of this matter cannot fail to be prejudicial to general relations between the two countries.

Department of State,
Washington, December 6, 1944.
CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended March 31, 1945 showing dollar disbursements out of the British Empire and French accounts at the Federal Reserve Bank of New York and the means by which these expenditures were financed.
FEDERAL RESERVE BANK
OF NEW YORK

March 30, 1945

CONFIDENTIAL

Dear Mr. Secretary:

I am enclosing our compilation for the week ended
March 21, 1945, analyzing dollar payments and receipts in
official British, French, Canadian, and Australian accounts
at the Federal Reserve Bank of New York.

Very truly yours,

(signed) H. L. Sanford

H. L. Sanford
Assistant Vice President,

The Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington 25, D. C.

Enclosures 2
## Analysis of Canadian and Australian Accounts

(In billions of dollars)

### Week Ended March 22, 1945

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<tr>
<th>Period</th>
<th>Total of Official</th>
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### Average Weekly Expenditures for

- First year of war: 6.7 million.
- Second year of war: 10.1 million.
- Third year of war: 13.7 million.
- Fourth year of war: 18.4 million.
- Fifth year of war: 21.5 million.
- Sixth year of war (April 22, 1945): 2.1 million.

(a) For monthly breakdown see tabulations prior to April 22, 1945; October 31, 1943; October 8, 1943.
(b) Reflects changes in all dollar holdings payable on demand or maturing in one year.
(c) Does not net off entitlements in short term U.S. securities.
(d) Includes $1 million deposited by War Supply, Ltd.
(e) Includes $11.1 million received from New York accounts of Canadian chartered banks.
### Analysis of British and French Accounts

(In Millions of Dollars)

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<tr>
<th>Period</th>
<th>Total Credits</th>
<th>Total Debts</th>
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Average Weekly Expenditures Since Outbreak of War

France (through June 19, 1942) $177 million
England (through June 19, 1942) $277 million

Reports and Analysis Division

See attached sheet for footnotes.
(a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.

(b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to $154 million.

(c) Includes about $85 million received during October, 1940 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1940 apparently represent current acquisitions of proceeds of exports from the sterling area and other securing dollar receipts. See (k) below.

(d) Reflects net change in all dollar holdings payable on demand or maturing in one year.

(e) For breakdown by types of debits and credits see tabulations prior to March 10, 1942.

(f) Adjusted to eliminate the effect of $20 million paid out on June 26, 1940 and returned the following day.

(g) For monthly breakdown see tabulations prior to April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1942; September 6, 1944.

(h) Transactions for account of Caisse Central de La France E'tran-se included for first time in week ended December 6, 1944.

(i) Includes $75 million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports, and $50 million in connection with the expatriation of our armed forces abroad.
Correction to
paraphrase of paragraph received

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATE: March 31, 1945
SUBJECT: "SECRET"

Please delete the last paragraph of this message and substitute the following:

In addition, I am taking up the matter of getting as many French trucks off for Germany with our relief supplies as possible with ICOG, based on written promise of the U. S. Army of delivery of two thousand gallons gasoline per week for VRB programs. All programs in this connection will be reported promptly to VRB.

HARRISON

254

255

CODE-991
Distribution of true reading only by special arrangement. (SECRET U) Dated March 31, 1945
Rec'd 6:08 p.m.

Secretary of State,
Washington.

1905, March 31, 1 p.m.
FOR YOUR PERSONAL USE

Department's 1149, WBR's 467, March 21 and 1204, WBR's 477, March 22.

Sternbach, has been informed of this amendment to Wad Nabatalla's license U-1626 governing only one million francs.

Pursuant to this amendment and after thorough examination of purpose, I have authorized Sternbach to remit 500,000 Swiss francs to ICOG to cover eventual food purchases and transportation charges. ICOG has agreed to furnish me with detailed information concerning all such purchases or charges.

HARRISON

WBR
NOT TO BE TRANSMITTED

SECRET

OPEL No. 101

NAVAL

Norwegian Waters 29th/30th. (Night) Two Norwegian LTB's sank patrol vessel and damaged E-boat off Hardanger Fjord.

MILITARY

Western Front

Southern Sector: On Third U.S. Army front ASCHACH and WIESBADEN cleared while armoured column now approaching PULDA. On First U.S. Army front armoured column has made rapid advance and now approaching FAURE;

Northern Sector: Two armoured divisions of Northern group of armies made considerable progress towards LUNDSK and REBIG, but enemy resistance on flanks of bridgehead still strong.

Eastern Front

Northern Sector: DANZIG captured with 39,000 German reported killed and considerable booty.

Southern Sector: North of DANUBE Russians having crossed the rivers KOSCZ and LITRA have taken KOSELJAKY and KOSZEW thus advancing some 30 miles on 40 mile front in this area. South of DANUBE, AUSTRIA entered north KOSZEG while further south ZALASERZECZ (west LAKE BALATON) captured.

Burma

Central Sector: Japanese still hold hills overlooking airfield KERITILA have advanced further five miles and are now eight miles east of WELAUNG. Further north our troops operating south of KYAUNG have linked up.

Northern Sector: British troops advancing S.W. from MOGF in four miles from KYAUNG, while Chinese troops advancing S.E. from HSIPAW are two miles from HAYANG.

AIR OPERATIONS

Western Front

30th. U.S. escorted heavy bombers 1314 (8 bomber and 5 fighter outstanding) attacked U-boat yards at STUTTGART and bridge at BREMEN (1031 tons) WILHELMSHAVEN (91 tons) HAMBURG (1026 tons) and HOFF (14 tons) when bombing mainly visual and casualties inflicted on enemy aircraft 7111 in combat.

SHARP (Air) bombers (7194) (2 missing) dropped 370 tons of munitions on targets including industrial and other targets Central Germany, while fighters and fighter bombers 1592 (3 missing) operated over 300 K2 and inflicting enemy aircraft casualties 3740 from ground. Fighter Command Spitfires 126 successfully attacked rail and road targets Western HOLLAND while coastal command Mosquitoes 44 (one missing) attacked shipping FOREGN Harbour (south GSDL) where four ships totalling 7700 tons set on fire.

30th/31st. (Night) Bomber Command dispatched 162 (one missing) 41, BERLIN; 43 ERFURT; and 76 bomber support and other targets.

Meditteranean

26th/29th. (Night) medium bombers 119 attacked communications and a factory in North ITALY with good results. 29th. Fighters and fighter bombers 710 (3 missing) attacked communications BENZEN route, N.E. ITALY and YUGOSLAVIA with excellent results.

Burma

28th. Tactical aircraft 103 (2 missing) attacked communications and stores dumps chiefly in KAKUN and Central BURMA.

HOLD SECURITY

Up to 7 A.M. 31st Nothing to report.