FLASH
Correspondence between FDR and the following persons re the issuance of currency in France by the Allied authorities:

Churchill John G. Winant
Henry Morgenthau also: General Eisenhower and
General Marshall the Combined Chiefs of Staff
Combined Chiefs of Staff
77500
23 August 1944

Supreme Headquarters
Allied Expeditionary Force
London, England

Number WAR 85384

To SHAEF London for Eisenhower, FACS 6o from the Combined Chiefs of Staff.

You are directed to address the following letter in your capacity as Supreme Commander, Allied Expeditionary Force to General Koenig, as Chief of the French Military Mission.

The memorandum referred to therein will also be signed by Foreign Secretary Eden as annex to the Anglo-French Mutual Aid Agreement. You should confirm that this agreement has been signed by Mr. Eden before you send your letter to General Koenig:

"My Dear General:

This will confirm the fact that the arrangements between the French and Allied authorities concerning the issuance and use of currency in France, which are embodied in the attached memorandum, are approved, and the understanding that such arrangements are effective as of today."

The memorandum referred to in text of letter quoted above is being forwarded by air courier.

End.

ORIGINATOR: CC/S

CM-OUT-85384 (23 Aug 44) 20322 mk

SECRET

COPY NO.

THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN
Supreme Headquarters,
Allied Expeditionary Forces,
London, England

Number: WAR 68913

GOV 81 to Eisenhower for SHAEF from CCS cite CCAC/L Classification. TOP SECRET refer VOG 80.

Pending a currency agreement with FNUL, you are authorized to transfer necessary supplies or supplemental French Franc currency for military and civil affairs purposes to French military authorities upon their request, subject to later settlement. You will obtain receipts from such authorities comparable to those obtained from other military authorities. All supplies of such currency for the use of French civil authorities should be provided through French military authorities.

You are authorized to use a rate of exchange of 2 Italian Lire for 1 French Franc for military conversion purposes only. Bank of France Francs, Corsican Francs, and French African Francs will be exchanged for supplemental French Francs at parity.

In this connection for your information the present rates for the North African Franc and the Italian Lira will be brought into conformity with the dollar sterling cross rate of $4.035 to the pound sterling as soon as possible following current consideration of this subject by United States and British Treasuries.

End.

ORIGINATOR: CCAC
INFORMATION: Gen Somervell, Gen. MacFarland CC/S, OPD, Gen Bissell, Gen Richards, Adm King, Col Park, Mr. McCoy.

CM-OUT-68913 (22 Jul 44) 1423Z by

TOP SECRET

SECRET COPY No. 50

THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN
FROM: THE PRIME MINISTER
TO: THE PRESIDENT
NO: 720, 1 July 1944.

Reference telegram 572.

I was glad to have your telegram. I see good hopes of reaching a solution on the lines you suggest and entirely agree that we must co-
ordinate closely.

PRIME
FROM: THE PRESIDENT

TO: THE PRIME MINISTER

NO: 572.

Refer your 709 of June 21.

I do not feel that we should proceed upon the assumption that our governments are responsible for the redemption of the supplemental franc currency merely because no understanding has been reached with the French Committee.

The supplemental franc currency has been issued by the Supreme Allied Commander because at present he is the only authority with the power to issue currency for France. The Supreme Commander has the responsibility during the military period to see that the Frenchmen who accept and hold this currency will not be cheated and that full value will be given for it in France. Ultimately the supplemental currency will be redeemed like any other good currency by the government of the country in which it is issued. In due course, when a government is established in France the United States and British Governments can reach a full settlement with the French Government for Allied expenditures in France. In such a settlement, even in the absence of prior agreement with the French Committee, allowance could be made for assumption by the French of all costs of civil government and of those local expenditures of our armed forces which in the case of other Western European countries will be regarded as mutual aid.
Despite these considerations I have recently proposed financial agreements with Belgium, the Netherlands and Norway under which this Government will pay currently in dollars for the amounts of their currencies used for our troop pay. On the other hand, we expect these governments to pay us in dollars for supplies for the civil population. If dollars accruing to them from troop pay are insufficient to cover their purchases of civilian supplies, we shall expect them to draw on their dollar or gold resources. I understand you have similar arrangements with these countries.

I am willing that we should study the possibility of reaching an understanding with the French Committee consistent with existing political considerations embodying the payment principles of the financial arrangements with Belgium, the Netherlands and Norway. I am giving instructions to the appropriate departments of this government to proceed with the study of this problem in consultation with the French Committee, and I feel it advisable that your studies and consultations be coordinated with ours.

ROOSEVELT
June 23, 1944

My dear Mr. President:

In compliance with your request, I am sending you, through the courtesy of Admiral Leahy, draft of a proposed cable to Mr. Churchill in answer to his cable No. 709 of June 21st.

Mr. James Dunn and General Hilldring have participated in the drafting of this cable, and both of these gentlemen have cleared it with their respective departments.

If you have any question about any part of the cable, I would appreciate your sending for me so that I can go over it with you in person.

Yours sincerely,

/s/ H. Morgenthau, Jr.

The President,

The White House.

(Note written by Admiral Leahy)

"24 June

Watson promised to make an appt for Mr. Bell Monday or Tuesday."

Draft reply sent to Prime Minister as # 572, 26 Jun 44.
MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

21 June 1944

By direction of the President, the attached paraphrased copy of message #709 from the Prime Minister to the President, dated 21 June 44, is forwarded to the Secretary of the Treasury for preparation of reply for the President's signature.

The President's message #559, referred to in the attached message, is the reply prepared by the Secretary of the Treasury to the Prime Minister's #696 and #697 of 9 June 44; forwarded to the President by memorandum of 11 June 44; and sent to the Prime Minister on 12 June 44.

Respectfully,

OGDEN S. COLLINS,
Lieutenant, USNR.

1 Incl.
   Msg, PM to Pres,
   #709, 21 June 44.
BLUE 15

( Hyde Park to Map Room )

FROM THE PRESIDENT TO ADMIRAL LEAHY.

Re RED 80. For Treasury Department for preparation of reply.

RECD 211645Z

"O K

W. D. L."
TO THE PRESIDENT
at Hyde Park, 211330Z.

FROM: THE PRIME MINISTER
TO: THE PRESIDENT
NO: 709, 21 JUNE 1944

Your No. 559.

You will see that my statement in Parliament was designed to give no comfort to the enemy. For the moment, you may be right in thinking that the situation about the notes is not critical. But, it is not a comfortable situation, and is bound to get worse as we go forward. I think we should explore whether there is a basis for an agreement with the French Committee provided it gives nothing away which you and we do not want to give away.

The notes give no indication of the authority by whom they are issued. Unless we reach an understanding with the French Committee, we shall be morally responsible for seeing that they are honoured. Under the mutual aid arrangement which we are making with the other European allies, they will bear the cost of civil administration and of supplies and services to our troops in their countries. But, if we should become responsible for the whole of the military notes issued in France, the French would contribute no mutual aid to the American and British armies of liberation.

We shall, therefore, see whether a basis of agreement exists by discussion between our officials and the French officials and I will let you know the results.

In this whole matter I am not thinking of the French Committee's position.

TO SEC TREASURY FOR PREPARATION OF REPLY, 21 JUNE 44.
TOP SECRET
FROM: THE PRIME MINISTER
TO: THE PRESIDENT
NO: 709, 21 JUNE 1944
PARAPHRASE

In reply to your 559.

My statement in Parliament, you will see, was designed to give no comfort to the enemy. You may be right in thinking for the moment that the situation about the notes is not critical. However, it is not a comfortable situation and as we go forward it is bound to get worse. I believe we should study whether there is a basis for an agreement with the Committee, provided nothing is given away which you and we do not want to give away.

No indication of the authority by whom they are issued is given on the notes. We shall be morally responsible for seeing that they are honored unless we reach an understanding with the French Committee. Under the mutual aid arrangements which we are making with the other European allies, they will bear the cost of civil administration and of services and supplies to our soldiers in their respective countries. However, the French would contribute no mutual aid to the American and British Armies of Liberation if we should become responsible for the whole of the military notes issued in France.

Therefore, we shall see whether a basis of agreement exists by discussion between the French officials and our officials. I will let you know the results.

I am not thinking of the position of the French Committee in this whole matter.
TOP SECRET

FROM: THE PRESIDENT
TO: THE PRIME MINISTER
NO: 561, 14 JUNE 1944

EXTRACT

His [De Gaulle's] unreasonable attitude toward our supplementary French currency does not disturb me. My reaction to his action in the matter of currency is fully covered in my number 559 of 12 June.

ROOSEVELT
TOP SECRET

FROM: THE PRIME MINISTER
TO: THE PRESIDENT
NO: 703, 14 June 1944

EXTRACT

4. I understand that you issued a statement last night about the currency. You may be sure I shall try to support you in every way. I am quite sure that if an old woman in Bayeux sells a cow to an American Quartermaster and is paid in these notes, when she presents them at Morgenthau's office in Washington he will have to see that she is no loser on the transaction. My information from France last night was that the French people are taking the notes.

PRIME
Yanks Warned on Spending Pay in France

Allied soldiers in France are being discouraged from spending their pay in the liberated areas to avoid an inflation which might deprive the inhabitants of essential commodities, President Roosevelt revealed yesterday.

He explained that the troops were being provided with a "French" currency, which was printed at the Bureau of Engraving and Printing here, but that steps were being taken to safeguard its use.

Full accounts of all money printed are being kept so that appropriate adjustments can be made once a stable government is erected in France, the President said. Meanwhile, the money is backed by the authority of Supreme Commander Gen. Dwight D. Eisenhower and his armies, he said.

The value of the money was fixed at 50 francs to an American dollar or 200 francs to the British pound sterling, the President said.

Before the money was printed, officials of the French national committee were consulted, the President said.

Because of the danger of inflation created by the sudden influx of American troops with large sums of money, the President said that our soldiers were being encouraged to send as much as possible home and to buy war bonds. They are not permitted to buy rationed commodities or to eat in public restaurants where they would reduce the food supply available to the natives, he said.

Luxuries and semi-luxuries, like candy, cigarettes and watches, are made available to the troops through the Army Post Exchange, the President said.

Spent Little in Italy

During the Italian campaign, American soldiers spent only 16 per cent of their pay in the liberated areas, the President said, while soldiers stationed in Britain have spent only 25 per cent of their pay.

The French committee opposed the use of British and American currency in France, the President said. During World War I, when American money was used, large quantities of currency disappeared from circulation into hoards in French mattresses, the President said. He expressed the belief that some of the money—in large size bills—was still inside the mattresses.
TOP SECRET

FROM: THE PRESIDENT
TO: GENERAL MARSHALL, LONDON

NO: 141703 NCR 8665, 14 JUNE 1944

EXTRACT

Your S 53809 is received.

After conferring with the War and Treasury Departments, I am not disturbed by his unreasonable attitude toward our supplementary currency which was prepared after consultation with representatives of the British Treasury and the French Committee.

If for any reason our supplementary currency should not be accepted by the French people we can use the yellow seal dollars and British Military authority notes without any adverse effect except a depreciation of the French franc for which the Committee will have to bear full responsibility.
TOP SECRET

FROM: GENERAL MARSHALL
TO: THE PRESIDENT

NO: S 53809, 13 June 44.

EXTRACT

It now appears that de Gaulle's people are labelling the prepared currency as counterfeit, etc. The issue from the point of view purely of military operations is that General Eisenhower finds himself as an Allied Commander without specific directive and with the two governments he serves in effect in disagreement. The Prime Ministers support of your position is understood, but in this matter he dominates neither the Cabinet nor the Foreign Office. The situation is serious and its effect on military operations unhappy at best, and may be dangerous in view of possible reactions of the French underground and resistance groups, who have generally expressed their allegiance to de Gaulle.
TOP SECRET

FROM: THE PRESIDENT
TO: AMBASSADOR WINANT

13 JUNE 1944

EXTRACT

Your 130035 received.

The French political controversy also interests the American Press. I have advised Churchill that we will continue to use the supplementary French currency exactly as we have planned in agreement with the British Treasury and which was understood by representatives of the French Committee in Washington.
TOP SECRET

FROM: AMBASSADOR WINANT
TO: THE PRESIDENT
NO: 130035Z, 13 June 1944.

EXTRACT

The issuance of French currency without consultation with and an underwriting by the Free French Committee have been the immediate cause of controversy. At present Eden is trying to explore a working agreement with the French that might be acceptable to them and to us. This is being approached on a less than Cabinet level. You will be kept informed.
MEMORANDUM FOR GENERAL WATSON:

I think I ran off with the President's copies of some correspondence. I think this should be in the White House files.

J.J. McC.

Incls.

FDR
FROM: THE PRESIDENT
TO: THE PRIME MINISTER
NO: 559

I share your view that this currency issue is being exploited to stampede us into according full recognition to the Comité. Personally I do not think the currency situation referred to in your cable is as critical as it might first appear, nor do I feel that it is essential from the point of view of the acceptability of the supplemental currency that De Gaulle make any statement of support with respect to such currency. I propose that De Gaulle should be informed as follows:

1. We intend to continue to use the supplementary franc currency in exactly the same manner as we have planned and as we have agreed with the British Treasury and as has been fully understood by Messrs. Monnet and Mendes-France of the French Comité.

2. If for any reason the supplementary currency is not acceptable to the French public, General Eisenhower has full authority to use yellow seal dollars and British Military Authority notes. Accordingly, if De Gaulle incites the French people into refusing to accept supplementary francs then the Comité will have to bear the full responsibility for any bad effects resulting from the use of yellow seal notes and BMA notes in France. One of the certain consequences will be the depreciation of the French franc in terms of dollars and sterling in a black market which will accentuate and reveal the weaknesses of the French monetary system. This is one of the important reasons why we accept the request of the French Comité that we not use yellow seal dollars and BMA notes as
a spearhead currency. There would be other adverse effects which would be apparent to De Gaulle and his advisers.

I would certainly not importune De Gaulle to make any supporting statement whatever regarding the currency. Provided it is clear that he acts entirely on his own responsibility and without our concurrence he can sign any statement on currency in whatever capacity he likes, even that of the King of Siam.

As far as the appearance of the notes is concerned, I have seen them before but I have looked at them again and think them adequate. I am informed by the Bureau of Engraving and Printing counterfeiting experts that they will be extremely difficult to counterfeit by virtue of the intricate color combination. I am also informed that the British Treasury officials approved the note and that the French representatives here not only approved the note but were satisfied with the designs and the color.

It seems clear that prima donnas do not change their spots.

ROOSEVELT.
June 21, 1944.

TOP-SECRET

MEMORANDUM FOR:

THE SECRETARY OF THE TREASURY.

As requested in a telephone conversation between Miss McCue of your office and Mrs. Brady of the White House Secretariat, there is enclosed herewith a paraphrased copy of the President's message no. 559 to the Prime Minister of Great Britain.

Respectfully,

WILSON BROWN,
Rear Admiral, U.S.N.,
Naval Aide to the President.
TOP SECRET
PARAPHRASE

From: The President
To: The Prime Minister
No: 559

Your view that this currency issue is being exploited to stampede us into accepting full recognition to the Committee is shared by me. I do not think, personally, the currency situation referred to in your cable is as critical as it might first appear, nor, from the point of view of the acceptability of the supplementary currency, do I feel that it is essential that De Gaulle make any statement of support with respect to such currency. My suggestion is that De Gaulle should be informed as follows:

1. It is our intention to continue to use the supplementary franc currency in exactly the same manner as we have planned and as we have agreed with the British Treasury and as has been fully understood by Messrs. Monnet and Mendes-France of the French Committee.

2. General Eisenhower has full authority to use yellow seal dollars and British Military Authority notes if for any reason the supplementary currency is not acceptable to the French public. Therefore, the Committee will have to bear the full responsibility for any bad effects resulting from the use of yellow seal notes and BMA notes in France if De Gaulle incites the French people into refusing to accept supplementary francs. The depreciation of the French franc in terms of dollars and sterling in a black market will be one of the certain consequences. This will accentuate and reveal the weaknesses of the French monetary system. The above is one of the important reasons why

TOP SECRET
we accepted the request of the French Committee that we do not use BMA notes and yellow seal dollars as a spearhead currency. Also, there would be other adverse effects which would be apparent to the Committee and to De Gaulle.

Certainly I would not importune De Gaulle to make any supporting statement whatever regarding the currency. He can sign any statement on currency in whatever capacity he likes, provided that it is clear that he acts entirely on his own responsibility and without our concurrence.

On the subject of the appearance of the notes, I have seen them before but have looked at them again and think them adequate. The Bureau of Engraving and Printing counterfeit experts informed me that the notes would be extremely difficult to counterfeit by virtue of the intricate color combination. Also, I am informed that officials of the British Treasury approved the note and that French representatives in Washington not only approved the note but were satisfied with the color and the design.

Apparently, it seems that prima donnas do not change their spots.

Signed: ROOSEVELT
MEMORANDUM FOR THE PRESIDENT:

Acting Secretary of the Treasury Bell called to ask if anything happened on the message which the Treasury Department drafted and sent over yesterday. Secretary Bell called me this morning to ask if any action had been taken on it. He said that Secretaries Hull, Stimson and Morgenthau had gone over it and approved.

The Secretary of State is disturbed about it and thinks we ought to put out a press release on it. However, Secretary Bell said the British did not approve of the release and in view of this Bell thinks you might handle it at your press conference tomorrow which would give it a much bigger play.

GGT

[Signature]

3/25 H.Clay
THE UNDER SECRETARY OF THE TREASURY
WASHINGTON

June 11, 1944

MEMORANDUM FOR THE PRESIDENT:

In accordance with request made in Lieut. Collins' letter of June 10, I am transmitting herewith a draft of a cable from you to the Prime Minister in reply to his cables No. 696 and No. 697 of June 9, concerning De Gaulle's attitude towards the supplemental French franc currency.

There is quite a background to this whole matter and if you would care to discuss it, Jack McCloy, Harry White and I will stand by to come over this afternoon if you would like to have us.

I am sure that you will be asked a great many questions about this currency at your next press conference. I am sure that you should have the background in order that you may be able to answer any questions.

I am also attaching a memorandum from Jack McCloy covering his telephone conversation with London yesterday.

Dr. Bell

P.S. The proposed cable was drafted by representatives of State, War and Treasury.

See file # 559.
SPECIMENS
OF
SUPPLEMENTAL FRENCH FRANC CURRENCY
11 July 1944

MEMORANDUM FOR
THE SECRETARY OF THE TREASURY

By direction of Admiral Leahy, the enclosed paraphrased message is forwarded for information of the Secretary of the Treasury in connection with two messages from the Prime Minister to the President on this same subject which have previously been sent to the Secretary of the Treasury for preparation of draft reply.

Respectfully,

CHESTER C. WOOD,
Captain, U. S. Navy,
Asst. Naval Aide to the President.

1 Incl.
FROM: GENERAL EISENHOWER

TO: COMBINED CHIEFS OF STAFF
for COMBINED CIVIL AFFAIRS COMMITTEE

DATE: 9 JUNE 1944

1. A financial proclamation will shortly be posted in liberated areas in accordance with instructions which have now been issued, but we have not yet made any press release or official statement concerning supplemental francs or the exchange rate.

2. The press, including reports from Algiers, has taken much interest in this subject. They have asked questions concerning the status of the notes, and whether they are manifestations of the American Military Government of Occupied Territories if they are not issued under the authority of the French. The French National Committee of Liberation claim that they should alone be the issuers of the notes; and the press has raised questions as to why this Committee should not be allowed to do this, who will have the ultimate responsibility for these notes, and in what manner the British and United States governments will handle settlement for such notes as their forces use.

3. To avoid misunderstandings, at this stage we should prefer not to make an official statement ourselves, and request that arrangements be made that statements be issued if possible not later than June 12th by the U.S. and British governments concerning supplemental francs.

4. Supplemental francs are unlikely to appear immediately in large quantities in view of fact the 5½ billion metropolitan francs placed at
our disposal by the War Office are, as far as possible, being used before supplemental francs. However, smaller denominations, as well as a few of the larger denominations, are already in circulation.

To: War Department

No: S 53507 9 June 1944

S 53507 TOP SECRET AGWAR for Combined Chiefs of Staff for Combined Civil Affairs Committee information to Hilldring and British Chiefs of Staff signed Eisenhower reference VOG 64 and GOV 60. This is VOG 65.

1. Instructions have now been given to issue financial BIGOT proclamation which will shortly be posted in liberated areas, but we have not yet made any official statement or press release concerning supplemental francs, or the rate of exchange.

2. Much interest has been taken in this subject in the press, including reports from Algiers. Questions have been asked concerning status of the notes, and whether they are manifestations of BIGOT if they are not issued under French authority.

FNCL claim that they alone should be issuers of the notes and questions have been asked in the press as to why FNCL should not be allowed to undertake this, who is ultimately responsible for the notes and how US/ British Governments will deal with settlement for notes used by their forces.

3. In order to avoid misunderstandings, we should prefer not to make an official statement ourselves at this stage, and request that arrangements be made that statements

CM-IN-7368 (9 Jun 44)

TOP SECRET

Col. Park

SECRET

THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN

COPY No.

No: S 53507 9 June 1944

be issued by US/British Governments concerning supplemental francs, if possible not later than June 12th.

4. For your information, the 5½ billion metropolitan francs placed at our disposal by War Office are being used as far as possible before supplemental francs. Supplemental francs are therefore unlikely to appear immediately in large quantities, but smaller denominations are already in circulation, also a few larger denominations.

End

ACTION: CCAC

INFO: CCS
Gen Somervell
OPD
Adm King
Mr McCloy
Gen Richards
Log

CM-IN-7368 (9 Jun 44) 2101Z mos

TOP SECRET
10 June 1944

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

By direction of the President, the attached messages from the Prime Minister re currency notes for France are forwarded to the Secretary of the Treasury for preparation of reply for the President's signature.

Respectfully,

OGDEN S. COLLINS,
Lieutenant, USNR.

2 Incls.
Incl 1-PM-PRES, #696,
9 June 1944.
Incl 2-PM-PRES, #697,
9 June 1944.
From: The Prime Minister
To: The President
No: 696, 9 June 1944

Inasmuch as General Eisenhower has urgent need to make a proclamation
announcing the notes to be issued for the troops in France, I want to know
your wishes about it. There is reason to expect that General De Gaulle
will press for his proclamation to contain the wording "Provisional Govern-
ment of France" or "of the French Republic" and publish it in the "Official
Journal of the French Republic," his publication at Algiers, but he is
quite ready to make a supporting proclamation. He fights at every point,
but we shall naturally strive to convince him to stick to the French
Committee of National Liberation. If General De Gaulle does not endorse
the issue, the Treasury fears the notes will not have any backing behind
them and on the other hand I feel that the proclamation of General
Eisenhower will make the governments of Great Britain and the United
States separately or jointly responsible to redeem them. In your mind,
how does this stand?

There are others that even say that General De Gaulle might denounce
the issue as false money. Personally I don't think that he will dare. If
I were a French shopkeeper, I should myself think, that a note printed in
the United States tendered to me by a British or American soldier was well
worth having whether De Gaulle endorsed it or not, if General Eisenhower
declared the notes legal.

Will you let me know please what is your view in this matter? If
we can get De Gaulle to take responsibility for these notes in his capacity
as President of the Provisional Government of France, the French nation in that case will ultimately face the problem of redeeming them. Shall we do this? Or shall we wait to fix the ultimate responsibility at the peace settlement and say now that the United States and Great Britain will assume responsibility for these notes? I should be grateful for an early reply.
From: The Prime Minister
To: The President
No: 697, 9 June 1944

With further reference to my number 696. I saw the specimens of the notes in question and they do not appear to us as very reassuring. Forging them looks very easy. Not a thing is mentioned regarding who is responsible for issuing and redeeming them. They must have some authority behind them.

My views, uttered after seeing the notes, affect paragraph 2 of my #696 and make it more necessary that someone should assume the responsibility of meeting them when they are presented. My dear friend, please look at them and say what should be done. Ought we to allow De Gaulle to obtain new status as his fee for backing them, or should we assume the burden for the time being, improve the issue later on, and make the settlement at the peace table where many accounts will be presented.
TOP SECRET

For: The President of the United States
Number 697

Prime Minister to President Roosevelt. Personal and top secret. No. 697.

1. Further to my No. 696. I have now seen the specimens of the notes in question. They do not strike us as very reassuring. They look very easy to forge. Nothing is said on whose responsibility they are issued and who is responsible for redeeming them. Surely there must be some authority behind them.

2. These views expressed after seeing the notes affect Paragraph 2 of my No. 696 and make it all the more necessary that someone should take responsibility for meeting them when they are presented. Please, my dear friend, look at them for yourself and say what we ought to do. Should we let De Gaulle obtain new status as his price for backing these notes or should we take the burden on ourselves for the time being and improve the issue later on and settle up at the peace table where there will be many accounts to be presented?

#696 sent up at approximately 1910

No Sig
For: The President of the United States
Number 696

Prime Minister to President Roosevelt. Personal and top secret. No. 696.

1. I want to know your wishes about the notes issued for the troops in France. Eisenhower has urgent need to make a proclamation announcing it. De Gaulle is quite ready to make a supporting proclamation but there is reason to expect he will press for his proclamation to contain the words "Provisional Government of France" or "of the French Republic" and publish it in the "Official Journal of the French Republic" which he produces at Algiers. We shall naturally endeavor to persuade him to stick to the French Committee of National Liberation but he fights at every point. The Treasury fear that if he does not endorse the issue, the notes will have no backing behind them and alternatively I feel that Eisenhower's proclamation will commit our two governments jointly or separately to redeem them. How does this stand in your mind?
2. Others even say that he might denounced the notes as false money. I do not myself think that he will dare. I should myself think, if I were a French shopkeeper, that a note printed in the United States tendered to me by a British or American soldier and declared legal by General Eisenhower was well worth having whether De Gaulle endorsed it or not.

3. Would you please let me know what is your view? Shall we get De Gaulle to take responsibility for these notes as President of the Provisional Government of France in which case the French nation will ultimately face the problem of redeeming them? Or shall we say the United States and Great Britain assume responsibility for these notes and will fix the ultimate responsibility at the peace settlement? I should be grateful for an early answer.

No Sig
London
Dated June 8, 1944
Rec'd 1:25 p.m.

Secretary of State

Washington

#4582, June 8, 4 p.m.
TOP SECRET FOR THE SECRETARY FROM PHILLIPS.

EXTRACT

The issuance of the SCAEF currency proclamation, which was approved by the Combined Chiefs of Staff, has been delayed in the hope that de Gaulle would issue, at the same time, a supporting statement since it was felt here that some French recognition should be given to the presence in France of our currency notes. The General has refused to do so on the ground that France was being treated in this respect precisely like Italy and that he alone, as President of the FONL has the right to issue such a proclamation. Our proclamation, therefore, will be issued at midnight tonight, without his support and with as little publicity as possible.
TOP SECRET
FROM: THE PRIME MINISTER
TO: THE PRESIDENT
NO: 694, 7 JUNE 1944

EXTRACT

4. We have told de Gaulle that is he sends for three or four of his commissioners, we will then begin conversations designed to clarify and smooth the difficulties about the civil administration in France. Meanwhile, I have assured General Eisenhower that we will certainly support him in making the necessary proclamation about currency.
FLASH