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REPORT TO THE PRESIDENT  
BY SAMUEL I. ROSENTHAL

ON

CIVILIAN SUPPLIES FOR THE LITERATED  
AREAS OF NORTHWEST EUROPE

(Prepared pursuant to letter of  
President Franklin D. Roosevelt,  
dated January 20, 1945)

DECLASSIFIED  
By Deputy Archivist of the U.S.  
By H. J. Stewart Date NOV 22 1972

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Dear Mr. President:

I submit herewith my report on the mission to the United Kingdom, France, Belgium, the Netherlands, Luxembourg, Norway and Denmark, with which President Roosevelt charged me.

The purposes of my mission were:

a. To survey and study the needs for necessary civilian supplies in the liberated areas of Northwest Europe, and the method and extent to which those needs are now being met; and to make recommendations with respect thereto.

b. To study the requirements, financial and otherwise, of these countries to repair the destruction and devastation of the war and to build some of the economic foundations of peace.

My report is submitted in two parts:

(1) This brief report of facts and recommendations;  
and

(2) A detailed series of twenty-seven Schedules or Tabs hereto annexed, and hereinafter referred to.

On this Mission I was accompanied by representatives of the Department of State, the Treasury Department, the War Department, and the Foreign Economic Administration -- all of which have a deep interest in the purposes of the Mission.

The history of the Mission is set forth in Tab. No. 1 including the names of the members thereof, the names of the Ministers and other officials of foreign countries with whom meetings and conferences were held, the places visited, etc.

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Summary of facts and recommendations:

1. Both the immediate and long-range economic situations in the liberated countries of Northwest Europe are extremely serious. The needs vary from country to country.

The situation will become more critical upon the complete liberation of Holland (which is expected to present the gravest of the problems), Denmark and Norway.

Its seriousness will be further increased as we uncover millions of displaced persons -- slave labor brought into Germany by the Nazis from Russia, Poland, Czecho-Slovakia, Greece, Holland, Belgium, France, Norway, etc. These people (estimated at seven million) have no source of food of their own, and will place a severe burden upon an already seriously limited food supply.

A dangerously low level of nutrition exists generally in these liberated countries except in the rural, food-raising areas.

The production of coal is not meeting even minimum requirements.

Ports have suffered extensive damage from bombing and demolition.

The means of internal transportation by rail, canal and highways have been to a great extent looted, damaged or destroyed. What are left have been largely devoted to Allied military use. The serious consequences of the resultant lack of adequate internal transport cannot be exaggerated.

Physical destruction is much greater than that in the last war.

Manufacturing has been paralyzed by destruction or damage, lack of raw materials, and inadequate plant maintenance.

The details of these various deficiencies are all set forth in Tabs on the different specific countries and also Tabs numbered 7, 8 and 9 referring to food, coal and internal transport respectively. No attempt is made in this report to list the details of the requests which have been made by the various countries for supplies.

2. The needs of the liberated countries of Northwest Europe are grave not only from a humanitarian point of view, but also because they necessarily involve many internal and international political considerations. To a great extent the future permanent peace of Europe depends upon the restoration of the economy of these liberated countries, including a reasonable standard of living and employment.

From the point of view of our own United States economy, it is obvious that unless Northwest Europe again resumes its place in the international exchange of goods and services, the American economy will be deeply affected. Furthermore, a chaotic and hungry Europe is not fertile ground in which stable, democratic and friendly governments can be reared.

3. Just as the United States has been the largest producer of the United Nations in wartime, so will it be looked to as the principal source of civilian supplies for these countries. The relatively unimportant position of the United Kingdom as an immediate post VE-Day supplier is discussed in Tab No. 10.

Any realistic appraisal of the situation would indicate that the responsibility for providing a substantial share of most civilian supplies will rest on the United States.

It should be a part of the United States policy to accept this responsibility as far as it is possible to do so. The claims of these countries must be weighed in their proper perspective along with other demands already existent, as well as with the demands of other newly liberated areas not only in Europe but in the Far East.

4. To be effective, the acceptance of this responsibility as a government policy should be enunciated by the President.

The policy should be framed so as to assure that the supplies necessary to meet the minimum requirements of the liberated areas will be provided as fully as the successful prosecution of military operations and the maintenance of our essential domestic economy will permit.

5. Once this policy has been enunciated, an inter-departmental committee, established and maintained at a high level, should act as the advocate of the liberated countries in supporting their claims as presented, in order to ensure that the policy is in fact continuously carried out.

Immediate needs of the Liberated Areas of Northwest Europe:

6. The most immediate and urgent needs common to the countries of Northwest Europe are certain types of food, coal, coal mining equipment, and the means of internal transportation. The requirements vary in the different countries, but, in general, these are the supplies most needed at once.

7. The available supply of food is insufficient in many categories to meet the requirements. The developing demands of the liberated countries intensify the problem.

In order to determine the extent to which the needs of the liberated areas may be met from the United States, we should reexamine the requirements of our own armed forces, the United Kingdom, and U.S.S.R., and our own civilian population.

We should take appropriate steps to assure the maximum production of food in the liberated areas. As hereinafter recommended in Tabs No. 6 and 7 we should make available the supplies which Denmark, for example, will require in order to increase the production of dairy products; and the fishing gear with which Norway can increase her catch of fish.

We should try to obtain increased quantities of food from other surplus-producing countries, such as the Argentine.

We should examine the extent to which any surplus food grown in areas liberated by the U.S.S.R., may become available for Northwestern Europe, other than from Germany and Austria which are within the jurisdiction of the European Advisory Committee. Any such surplus from Eastern Europe might be shipped to the deficit areas of Western Europe. To this end a technical mission should be sent to the U.S.S.R. by this Government to examine the facts with the Soviets, unless there are political considerations which would make it inexpedient to do it at this time.

81 Coal is one of the most important keys to economic recovery in Northwest Europe. It will not be possible to meet even the minimum requirements of the liberated countries for coal for the first twelve months after V-E Day, and possibly for some time thereafter.

No substantial alleviation of this situation is possible without the maximum production of coal in Germany. To obtain such

maximum production of coal, however, certain serious political decisions will have to be made because such maximum production would require the following steps:

- a) Immediate shipment to Germany of those essential mining supplies and maintenance materials which are not presently obtainable within Europe. The alternative to importation of certain of these supplies would be to seek to secure them from German production which, in turn, would involve steps to rehabilitate or maintain important sectors of German industry.
- b) The rehabilitation of German mines which have been damaged by battle action or demolition.
- c) The rehabilitation and restoration of German transport facilities to the extent necessary to transport mining supplies and workers and the coal which is mined.
- d) The supply of adequate food, clothing and footwear to the German miners to enable them to work.
- e) Provision of electric power necessary to produce coal in Germany even where that involves speedy and active rehabilitation of utilities within Germany.
- f) The use of enforced German labor where necessary.

It is obvious that these political questions -- involving rehabilitation of part of German industry -- are not within my province to answer.

Failure to take the steps outlined, however, will impose serious -- if not insurmountable -- limitations upon our ability to extract from Germany coal in any substantial amounts for liberated countries.

In order to secure the maximum production of coal within Europe, the United States should continue its active advocacy for the immediate establishment of the European Coal Organization discussed in Tab 8 on coal.

The lack of coal will be a matter of gravest political and economic concern to the governments of the liberated countries. Therefore, the extent to which coal can be supplied to these countries from the United States should be carefully examined including the possibility of shipping coal during the immediate months after V-E Day, when there will probably be a substantial, though temporary, easing of the shipping situation.

9. No substantial economic rehabilitation can take place in Northwest Europe, and in some areas not even a minimum subsistence economy can be maintained, unless the internal transportation situation is promptly improved. The liberated countries should be given high priorities for their requirements in rolling stock and locomotives, and for the supplies with which to rehabilitate their railroad maintenance and repair shops and for the raw materials for the local production of locomotives and railroad cars.

A survey should be made immediately by the United States Army of the number of army trucks in the theatre which might be made available after V-E Day for assignment or transfer to the governments of the countries of Northwest Europe.

The possibility should be explored of reconditioning more used trucks in the European Theatre, in the liberated areas, and in the United States, if shipment from this country is feasible.

10. Port capacity and clearance are now sufficient so that they should not be regarded as restrictions upon procurement by the national governments or upon the allocation to them of ships.

The shortages now developing in supplies rather than in shipping will be the limiting factor within the immediate future as to what can be sent into these countries. If, however, shipping

should again develop into a choke-point, then the shipping position should be reexamined at the highest level to ensure that the liberated countries receive the maximum allocations consistent with the successful conduct of the war and the needs of our other Allies.

Full advantage should be taken of the ships now allocated and of the temporary ease in shipping expected during the first few months after V-E Day.

11. To supplement the electric power of the liberated areas of Northwest Europe and thereby conserve their coal and transportation, we should seek to obtain increased exports of electricity from Germany's electric power system, which was the second largest in the world before the war.

12. Petroleum is essential for economic rehabilitation in the liberated countries -- particularly in internal transportation. At present all petroleum imports are handled by SHAEF, but this responsibility will, sooner or later, revert to the national governments.

Our petroleum and shipping experts should begin to plan immediately to the end that necessary programs can be established for petroleum imports by the national governments, and workable methods agreed upon to carry them out as soon as the military situation permits.

13. Certain decisions must be taken immediately at the highest level regarding the use of German productive capacity (in addition to coal) and the extent, if at all, to which it should be restored and operated as a source of supply for the liberated countries of Northwest Europe.

14. Interim reparations machinery should be immediately established to deal with the problem already faced by SHAEF of disposing of moveable goods and equipment uncovered in Germany by the

Allied Armies, which SHAF does not need, but which one or more of the liberated countries do need. This problem has grown in scope and importance as we have moved into Germany. Whatever machinery is established should of course be integrated with, or under the auspices of, the Reparations Commission.

15. Unless there are insuperable political or legal difficulties, the combined military authorities should be given a definitive directive as to the U.S.-U.S.S.R. and U.K.-U.S.S.R. Yalta agreements concerning food for displaced persons. (See Tab No. 11)

This directive should endorse the present SHAF policy of dealing with all displaced persons, including Soviet citizens, on an international-United Nations basis and providing food for them on the maximum scale commensurate with the availability of supply. The present ration in the SHAF area for displaced persons is calculated on the basis of 2000 calories a day.

Repatriation of displaced persons should be undertaken as speedily as possible.

16. The land of France and Belgium, and the sea adjacent to those countries, are filled with German mines. A complete restoration of agriculture, shipping and fishing is severely restricted by such conditions. As part of the peace terms, Germany should be compelled to furnish the personnel to remove these mines.

Procedure and Administration for Meeting the Needs of the  
Liberated Areas

17. On November 10, 1943, the initial responsibility was placed upon the military to provide such civilian supplies as were needed in the liberated countries of Northwest Europe to prevent disease and unrest.

This responsibility has been met; there has been no widespread disease or unrest.

In view of the many limitations of shipping, supply, harbor facilities and inland transportation, the job has been well done.

The military Commanders in the field, with several of whom I discussed this matter, are keenly aware of the necessity of maintaining at least a minimum economy in the countries through which their lines of communication pass, and which, after V-E Day, will serve as bases for our redeployment.

The experience in France and Belgium shows, however, that the immediate requirements for the economic rehabilitation of the liberated countries go far beyond the quantities and types of supplies which the military might properly be expected to supply in the performance of its responsibility.

Military responsibility for civilian supplies should be terminated in each liberated country as soon as that becomes practicable. This matter is discussed in further detail in Tab No. 15.

18. It is a relatively new concept that our Army, as a part of its military mission, has a definite responsibility for the care of civilian populations and, where necessary, temporary governmental administration, in those countries in which operations are conducted or through which they must be supplied. Modern total war has brought the military into direct contact with the political and economic lives of such countries.

In the War Department a special staff division to deal exclusively with civil affairs was first created in the spring of 1943. In Italy for the first time in our military history a division was created on the General Staff of the theatre commander for the same purpose. This division was known as G-5. Such a staff division is now functioning as a part of the General Staff at SHANP.

My own observation was that the Civil Affairs Division is a vital and indispensable part of the military function of our Armed Forces. Although, as above indicated, initial recognition has been given this fact by our Army and very substantial progress in the field has been made, I feel that our national interest requires further strengthening of this military activity.

It should receive a permanent status of its own on the General Staff. Even more manpower and other facilities should be provided than have been to date.

In the early stages of liberation, when the armed forces control supplies, transport and other facilities vital to economic life, military contacts with the civilian authorities of liberated countries may become even more important than our diplomatic representation.

In nearly all of the SHAEF missions to the liberated countries which are, in some respects, quasi-diplomatic in character, we are outranked by the British. Every effort should be made to staff our Military Civil Affairs activities with outstanding officers of adequate rank.

19. If our Government is to discharge successfully its responsibilities in the broad field of economic relations with the countries of Northwest Europe, our Embassies must be provided with the necessary personnel -- equipped by training and experience for the task. They must be recruited and assigned now, for they will soon inherit many responsibilities now handled by SHAEF.

It will be necessary, in this period of emergency, to supplement the trained manpower of the Foreign Service. This subject is discussed in detail in Tab No. 16 of this report.

20. The Department of State and the Foreign Economic Administration are the two departments which have the largest responsibilities in dealing with economic problems in the field. In Paris and Brussels the senior economic officer in each Embassy is the joint designee of the Department of State and the Foreign Economic Administration. This is a sound arrangement, and one which I recommend be followed in all cases.

21. In paragraph 5 above, I referred to the necessity of establishing a strong advocate for the claims of the liberated areas. I believe that the present Liberated Areas Committee, supported and strengthened as hereinafter recommended, should be designated as this advocate.

At present the Liberated Areas Committee is under the chairmanship of an Assistant Secretary of State, and has on it representatives at that level from the Foreign Economic Administration, the Treasury and the War and Navy Departments. In actual practice, however, the Committee has dropped to a level in which the members have generally been represented by alternates. It is essential that representation be maintained at the level of original membership.

Within the total allocations made to all the liberated areas, this same Committee should also authoritatively advise the Foreign Economic Administration on policy as to the relative priorities among the several liberated countries.

It is most important that the Committee possess an outstandingly able Secretariat, adequately staffed, which will exercise on behalf of the members a general coordinating responsibility and do the day to day work of the Committee.

This problem is discussed in more detail in Tab No. 17; and a description of the combined U.S.-U.K. machinery is contained in Tab No. 18.

22.. The machinery in Washington -- national, combined, and international -- for allocating supplies to liberated areas should be simplified and streamlined.

I recommend that an examination of this machinery be undertaken by some one designated by the President to recommend changes designed to eliminate the duplication and complexities which now exist. The problem is discussed in greater detail in Tab No. 19. (Tab No. 20 describes the comparable U.K. machinery.)

23. UNRRA's supply activities in Northwest Europe are comparatively unimportant. (See Tab 21)

The displaced persons problem is one peculiarly international in character. UNRRA should be encouraged to take as large a measure of responsibility in this field as is compatible with military necessities and with the decisions of each of the liberated countries based on considerations of sovereignty.

As war needs decrease, UNRRA's needs will increase, and it is essential that appropriate consideration be given to its needs for supplies, transport and ocean shipping.

24. Tabs No. 8, 22, 23, and 24 deal with the European Economic Committee, the European Central Inland Transport Organization, the European Coal Organization, and the United Maritime Authority respectively. All four of these inter-governmental organizations are designed to deal during this emergency period with segments of the economic problem of Europe. If these organizations are created and supported, they can perform helpful roles in or for the liberated

countries of Northwest Europe. I am advised that the Department of State, fully aware of the contribution that such cooperative undertakings can make to the rehabilitation of Europe, is following their development closely with the purpose of expediting their establishment on a basis acceptable to the countries most directly concerned.

The Financing of Reconstruction

25. I recommend that further discussion with the Governments of the liberated areas under reference on the subject of financial assistance for reconstruction and rehabilitation be undertaken several months hence.

The responsible finance authorities of these countries have indicated to me that their governments are not ready to discuss this matter at the present time.

The United Kingdom and the liberated nations are assembling data on the extent of destruction, the cost of reconstruction, and on their foreign assets which may be available, both governmental and private, for the reconstruction task. They are likewise making estimates of probable deficits in their balance of payments in early postwar years. When these tasks are concluded they will probably wish to discuss further the subject of financial assistance from the United States or through international credit institutions. Certain preliminary estimates are contained in Tab No. 25.

Substantial benefit would come from the passage by the Congress of the proposed financial legislation -- including the Bretton Woods legislation, the repeal of the Johnson Act, and the amendments to the existing legislation regarding the Export-Import Bank. It is essential that these facilities or others through which

the liberated nations can secure credits from abroad be established at the earliest possible date.

26. Since allocation of civilian supplies to liberated countries, in all probability, will cut into the ration of the American consumer, a widespread official and public campaign should be undertaken to inform the American people of the gravity of the needs of our Allies in liberated Europe.

Conversely, there is no adequate knowledge or understanding by the ordinary civilians in these liberated areas of what the Americans and British have done for the civilian population of these countries. Nor do they realize that in the United States, too, there are grave shortages of meat, butter, cheese, gasoline and many other civilian items. We should improve the transmission abroad of the story of the American war effort and of American sacrifices to improve the lot of our Allies.

27. I attach a Bibliography of documents assembled in the course of my Mission as Tab No. 27.

28. I desire to acknowledge my deep gratitude for the conscientious, efficient and devoted work of the members of my Mission (see Tab 1). They have spent many days preparing documents, holding conferences, and assisting me in obtaining information from officials of the foreign countries I visited -- all of whom have cooperated to the fullest extent in furnishing the information requested. The members of my Mission have performed the major share of preparing the voluminous tabs accompanying this report. Their discussion and advice have also been invaluable to me in the preparation of these recommendations.

I am likewise grateful for the assistance and cooperation which were unstintingly given to me by the Supreme Commander and the members of his staff at SHARP; by the Commanding Officers and their staffs at Headquarters, Communications Zone, United States Army; by our Ambassadors to Great Britain, France, Belgium, the Netherlands and Norway and the members of their embassy staffs; and, especially, by the officials and staff of the Mission for Economic Affairs in London.

Respectfully yours,

SAMUEL I. ROSEMAN

April 26, 1945.

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By Deputy Archivist of the U.S.  
By W. J. Stewart Date NOV 22 1972

THIS DOCUMENT IS THE BEST  
AVAILABLE. EVERY TECHNICAL  
EFFORT HAS BEEN TAKEN TO  
INSURE LEGIBILITY.

Tabulations to accompany the  
Report of Samuel I. Rosenman  
dated April 26, 1945 on  
Civilian Supplies for the Liberated  
Areas of Northwest Europe

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HISTORY OF ROSENMAN  
MISSION

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Prepared by the Rosenman Mission  
London, England, April 15, 1945

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HISTORY OF ROSENMAN MISSION

1. Scope and Purpose of the Mission

On January 20, 1945 President Roosevelt addressed a letter to Judge Rosenman appointing him his personal representative, with rank of Minister, and asking him to undertake a mission to Northwest Europe on supply and financial matters. This letter is quoted in full below:

"Dear Judge Rosenman:

In addition to your position as Special Counsel to the President, I want you to undertake a mission to the United Kingdom, France, Belgium and the Netherlands as my personal representative with the rank of Minister.

On this mission I want you to examine and report to me the steps to be taken in the joint interests of our country and the fighting Allies in winning the war with respect to the flow of vital supplies other than finished munitions to these countries.

I would also like to ascertain what the needs of these countries will be for supplies and services to repair the destruction and devastation of the war and to build some of the economic foundations of peace in terms of possible credits or other financial assistance at hand or through recommendations for appropriate legislation.

FRANKLIN D. ROOSEVELT"

A subsequent letter expanded the scope of the Mission to include similar supply and financial matters relating to Norway and Denmark.

## 2. Preliminary Work in Washington.

For about two and a half weeks after receipt of these instructions, intensive preliminary work was done in Washington. With the advice of officials of the State, War and Treasury Departments and the Foreign Economic Administration, Judge Rosenman selected the members of his mission staff from the divisions of these agencies which were most directly concerned with and most intimately acquainted with the problems set forth in the terms of reference of his Mission. Those selected to staff the Mission were Colonel James C. Davis (War Department), Livingston T. Merchant (State Department), Dudley M. Phelps (State Department), William H. Taylor (Treasury Department), Charles S. Denty (FEA), and Daggett H. Howard (FEA). At various times during the course of the Mission, the full-time services of the following men were made available to the Mission: Rupert Emerson (FEA), Paul F. White (FEA), Walter N. Thayer (MEA), and Lt.-Col. Charles A. Foehl, Jr. (SHAEP).

Much preliminary work was done in Washington blocking out the matters to be investigated and assembling necessary papers. Commencing January 31, 1945 and lasting through February 5, a series of conferences were held in the White House, at which officials of the various agencies dealing with supply of liberated areas discussed with the Mission some of the most important subjects to be investigated, including the supply machinery for liberated areas, economic conditions in France, Belgium and the Netherlands, and shipping. Discussions were also held with Washington representatives of the British Government to obtain a preliminary idea of their views with respect to some of the joint problems.

On February 9th, 1945 Judge Rosenman and the other members of the Mission except Mr. Denty and Mr. Merchant left the ATC airport in Washington for the United Kingdom. Mr. Emerson and Mr. White accompanied the party. The Mission arrived in

Prestwick, Scotland, on Saturday February 10th, after crossing the Atlantic via Bermuda and the Azores. The trip from Prestwick to London was made by train that night, and the Mission arrived in London Sunday morning.

On Sunday night, Judge Rosenman received a cable from the President requesting that he join the President's party in Algiers on their way back from the Malta and Yalta Conferences for a special assignment. Arrangements were made for Judge Rosenman to leave by plane the following morning; and the staff of the Mission were instructed to proceed with their work in his absence. Offices were provided in the American Embassy.

### 3. Investigation in the United Kingdom

For the next three weeks, members of the Mission discussed the liberated areas problem with technical experts of the American Embassy and the Mission for Economic Affairs, officials of the British, Dutch and Norwegian Government, and of UNRRA, and officers of the SHAEF Missions to Norway and Denmark. Daily meetings of the Mission were held to coordinate its activities and plan its investigations. From these discussions, members of the Mission gained a thorough knowledge of the views held by officials in London. The important topics covered included coal, inland transport, food, shipping, finance, POL, UNRRA and the various proposed international organizations. Through discussions with U.S. Embassy representatives to the Netherlands and Norway and the officials of both these governments, the supply and reconstruction problems of these countries were thoroughly explored. A similar approach, on the military side, was made through discussions with the SHAEF Missions to Norway and Denmark. Conferences were also held with representatives of the British Government to clarify certain aspects of the combined responsibility in supply of liberated areas.

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Mr. Merchant joined the Mission in London on February 18.

On Monday February 26th, the members of the Mission, except for Judge Rosenman and Colonel Davis, left London on a short trip to inspect certain aspects of the British economy in the field. Mr. Emerson accompanied the party. In the course of this trip, the Mission inspected port operations at Avonmouth and Bristol, the Armstrong-Whitley aircraft plant near Coventry, and the Alfred Herbert machine tool plant in Coventry. A brief tour was also made of the bombed-out areas of Coventry, including the famous cathedral. The Mission then got a first hand view of air operations of the 8th Air Force at a bomber station outside of London, returning to London on Wednesday February 28th.

Monday evening, March 5th, Judge Rosenman rejoined the Mission in London. He was accompanied by Mr. Denby. The day following his arrival in London, Judge Rosenman held a press conference at the American Embassy to explain the scope and purpose of his Mission to representatives of both the British and American press.

During the next ten days, Judge Rosenman and members of the Mission conferred at length with officials of the British Government on liberated areas problems. These conferences included talks with the Prime Minister; Mr. Anthony Eden, Secretary of State for Foreign Affairs; Sir John Anderson, Chancellor of the Exchequer; Sir James Grigg, Secretary of State for War; Lord Maynard Keynes, Financial Advisor to the Chancellor of the Exchequer; Mr. Richard Law, Minister of State; Mr. Oliver Lyttelton, Minister of Production; Lord Leathers of Portfleet, Minister of War Transport; Colonel J. J. Llewellyn, Minister of Food; Mr. Clement R. Attlee, Deputy Prime Minister and Lord President of the Council; Mr. Thomas Brand, Secretary of S.I.A.C. Committee; and numerous others. On all but a few

occasions, Judge Rosenman was accompanied by one or more members of his staff.

On matters relating to the Netherlands, Judge Rosenman conferred with Queen Wilhelmina and top officials of the Netherlands Government, as well as with Ambassador Hornbeck and members of his staff. Conferences with Dutch officials included talks with Prime Minister Gerbrandy; Doctor van Me. Gens, Foreign Minister; J. M. de Booy, Minister of Shipping; Count van Bylandt, Secretary General of the Foreign Office; Doctor Gijsen, Minister for Trade, Industry and Agriculture; Doctor Wijssels, Minister for Social Affairs; Fr. de Gooij Fortman, Director General of the Netherlands Office of Relief and Rehabilitation; Doctor G. A. M. Huysmans, Netherlands Minister of Finance; K. Michiels van Verduynen, Netherlands Ambassador in London. One or more members of his staff accompanied Judge Rosenman in most of these discussions.

In the case of matters relating to Norway, Judge Rosenman and members of his Mission consulted with Ambassador Osborne and his staff and top officials of the Norwegian Government, including Mr. Trygve Lie, Foreign Minister; Mr. Prihagen, Minister of Supply; Doctor Evang, Director General of Public Health Service; Mr. Terje-Wold, Minister of Justice.

In addition, Judge Rosenman consulted officials of UNRRA, including Sir Frederick Leith-Ross and Mr. Hugh Jackson.

Certain specialized problems, previously covered by members of the Mission during Judge Rosenman's absence from London, were again discussed with the technical experts in informal meetings. These included talks on shipping, internal transport and coal and the GPA production program on the Continent. Officers of the SHANP Missions to Norway and Denmark made oral presentations of the particular economic problems of those areas.

A representative of SHANP, O-5, Lt.-Col. Charles A. Foehl, Jr., met the Mission in London and remained with the Mission through-

out the remainder of its stay in Europe in order to provide assistance on matters pertaining to SHAEF's role in the liberated areas problem.

With the object of supplementing the impressions gained from discussions with officials and obtaining a first hand sense of the wartime food supply and general living conditions in the United Kingdom, Judge Rosenman took an extensive, informal tour of the poorer sections in London, inspecting the markets and housing facilities, particularly the underground facilities provided for protection during the blitz.

On Wednesday March 14, the Mission left London for Paris. In addition to the seven members of the Mission, Mr. White, Mr. Thayer and Mr. Emerson made the trip.

#### 4. Investigation on the Continent

Members of the Mission were quartered at the Raphael Hotel for the duration of their stay in Paris. Offices were provided in the Embassy.

Commencing Thursday March 15, three full days were taken up with conferences at SHAEF Headquarters in Versailles. In the course of these conferences, Judge Rosenman and members of his Mission talked with Lt.-General Walter B. Smith, Lt.-General Sir Humfrey K. Gale, Lt.-General A. K. Grassett, Major-General F. S. Scowden, Brigadier-General F. J. McSherry, and members of their staffs. The various branches of SHAEF concerned with the liberated areas problem made oral presentations of the most important topics and documented these presentations with detailed written reports. The first meeting covered general supply procedures. Subsequent meetings covered specific problems such as coal, internal transport, food, POW, displaced persons, public health and public utilities.

Some of these same matters, particularly those

relating to transportation and port clearances were likewise discussed fully with Lt.-General John C. H. Lee, Commanding General, Headquarters, Communication Zone, and members of his staff.

Judge Rosenman and members of his Mission conferred at length with top officials of the French Government on the various problems as they concern France. French officials consulted by the Mission included General de Gaulle; M. Adault, Minister for Foreign Affairs; E. Ramadier, Minister of Food; P. Lacoste, Minister of Industrial Production; E. Mendon-France, Minister of National Economy; Y. Cléven, Minister of Finance; M. Bayer, Minister of Transportation; M. Dautry, Minister of Reconstruction and Urbanism; P. Billoux, Minister of Public Health; and various members of their staffs. In addition, discussions were held with American representatives in the Embassy dealing with the liberated areas problem.

In order to see first hand the living conditions and food supply in Paris, Judge Rosenman made an informal tour of the poorer areas of Paris, visiting the shops and certain of the poorer residential sections. Also, accompanied by members of his Mission, he made an inspection trip through the bombed-out areas, under the guidance of M. Dautry, Minister of Reconstruction and Urbanism.

On Thursday March 22nd, the members of the Mission, with the exception of Charles Denby, made a field trip through Northern France, accompanied by Mr. Henry R. Labouisse, Minister-Counsellor for Economic Affairs in the American Embassy, Paris; Walter Thayer, MEA; Lt.-Col. Poehl, SHAEF; and Lt.-Col. Dougherty, Communications Zone. The trip gave the Mission a comprehensive view on the ground of war damage to inland transport facilities, ports and industrial facilities. On the first day, the Mission inspected the port facilities in the devastated cities of Rouen and Le Havre. The party spent the night at Headquarters,

Normandy Base Section, Communications Zone, in Deauville, as guests of Major-General Aurand.

The next morning the Mission left Deauville and motored through Caen and Bayeux, where an opportunity was afforded to view close at hand the destruction modern war can do in a sizeable city. Industrial, business and residential areas of Caen were found to be completely demolished. Similar destruction was apparent in smaller towns and villages along the way. Part of the route followed the seacoast very closely and gave the Mission a clear view of the now rusting Atlantic Wall defenses. The Mission was conducted on a tour of the Invasion Beaches, Utah Beach and Omaha Beach, by Colonel Eugene Caffey, the Commander of the Engineers Brigade which played such an important and heroic part in establishing the beachhead at Utah Beach. Other points of interest covered during the day included a prisoner of war field hospital and two American cemeteries. The Mission arrived at Cherbourg toward evening and made an extensive tour of the port facilities. Judge Rosenman returned to Paris by plane, and the other members of the Mission returned during the night by train.

On Saturday March 24, Charles Denby received a request to return immediately to the United States. He left for London the same day and proceeded from London to the United States several days later. Mr. Taylor and Mr. Thayer also left for a few days to attend to official business in London. On Monday March 26, Judge Rosenman, accompanied by General McSherry, Colonel Davis and Lt.-Col. Foehl, left Paris to make a tour of forward Army areas in northeastern France, Belgium, portions of Germany, and Luxembourg to examine first hand and on the ground civilian supply problems, including the handling of displaced persons, which the Army meets in the wake of its military advances. The party went

by air to Namur, 12th Army Group Headquarters. At Namur, Judge Rosenman conferred with Major-General Ivan C. E. Allen, Chief of Staff, 12th Army Group. The party left Namur by air and proceeded by Kunchen-Gladbach, Headquarters 9th U. S. Army, where they visited the Army areas. General Simpson, the Commanding General, was host for the night. On Tuesday March 27th, the party left Kunchen-Gladbach by car for Cologne, where they made an inspection trip through the city, visiting the famous cathedral. From Cologne, the group proceeded by car to Fuskirchen, 1st Army Headquarters, where conferences were held with the Commanding General, General Hodges, after which a visit was made to a displaced persons camp at Brand, near Aachen. After visiting the camp, the party left by automobile for Liege, where they spent the night. From Liege, the party proceeded the next morning to Reims, where Judge Rosenman conferred with the Supreme Commander, General Eisenhower, and General Bradley, Commanding General, 12th Army Group. The party then flew to Luxembourg, where conferences were held with top government officials and staff officers of General Patton's 3rd Army Headquarters. On Thursday March 29th, Judge Rosenman's party left Luxembourg by car for Brussels, arriving at 3 p.m. Messrs. Merchant, Phelps, Howard and Thayer had, meanwhile, left Paris on the morning of Wednesday, March 28th, and motored via Reims to Brussels. Mr. Taylor left Paris to return to Washington, having received a request to return immediately on official business. Messrs. Emerson and White left Paris for Brussels on Thursday March 29th and arrived the same day.

In Brussels, Judge Rosenman stayed at the Embassy as guest of Ambassador Sawyer; and other members of his party stayed at the Palace Hotel. Judge Rosenman and members of his Mission had lengthy discussions with the top Belgian officials concerned with matters of rehabilitation and reconstruction.

including the Prince Regent; Doctor von Acker, Prime Minister; V. De Smaele, Minister of Economic Affairs; E. Lalmand, Minister of Food Supply; E. Ronvaux, Minister of Communications; and P. Fyskens, Minister of Finance. Discussions were also held with the American representatives in the Embassy and with the military authorities, including the SHAEF Mission to Belgium, the SHAEF Mission to the Netherlands, and the 21 Army Group. In order to get a concrete impression of food supply and living conditions, Judge Rosenman made an inspection of the food shops and residential areas in the poorer sections of Brussels.

On Sunday April 1, Judge Rosenman, Dr. Emerson and Colonel Davis left Brussels for a tour of the liberated area of Holland. In Eindhoven and Tilburg, Judge Rosenman conferred with officials of the Dutch Government on problems of rehabilitation and reconstruction. Messrs. Merchant, Phelps and Howard, along with Messrs. Thayer, White and Lt.-Colonel Fochl, left Brussels for Antwerp, visiting en route the notorious former Nazi concentration camp at Breendonck. In Antwerp, they were the guests of Colonel D. Gullatt, Commander of the Port of Antwerp, who arranged for them to inspect a floating power plant anchored in the estuary and the extensive port facilities of Antwerp. Toward the end of the inspection tour, Judge Rosenman, Dr. Emerson and Colonel Davis returned from their visit to Holland and joined in the inspection of port facilities. The entire party returned to Brussels that evening. On Monday April 2nd, the Mission left Brussels by air for London, arriving in the early evening.

#### 5. Preparation of Report

Immediately after arrival in London, work was commenced on the report to be submitted to the President. The report was well on the way to completion when the shocking news came of the death of President Roosevelt. On the morning of Friday April 13th, Judge Rosenman left London for Washington to attend the

President's funeral. Members of the Mission staff remained in London to complete the report, and Mr. Taylor rejoined them on Saturday April 14. Messrs. Merchant, Howard and Phelps, accompanied by Messrs. White and Thayer, left for Washington on the evening of Monday, April 16th, arriving in Washington Wednesday.

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REPORT ON FRANKS

Prepared by Roseman Mission  
London, England, April 15, 1945.

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REPORT ON FRANCE

SECTION I. The Problem.

France presents today many of the problems which have emerged or may be expected to emerge in the months to come in the other liberated countries of Northwest Europe. The necessity for a tranquil and prosperous France is self evident. It is the largest and, economically, the most important of the group.

Before the war France relied heavily on overseas imports. Under German occupation her internal economy was forced into an occupied and blockaded Europe. In the period from liberation to date, with military operations continuing, only a trickle of imports has been possible of achievement.

Since July 1944, substantially all the supplies which have been imported for the civilian population of France have been brought in by SHAEF operating under its directive to provide sufficient supplies for civilians "to prevent disease and unrest" in its theater of operations.

SHAEF has fulfilled this instruction. There has been in France neither disease nor unrest of a nature or magnitude to harm the conduct of the war.

That the civilian population could have absorbed many times the tonnage of food and other supplies actually brought in is obvious. And today the possibility cannot be

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overlooked that, unless measures are taken at once to meet France's most emergent needs, the cumulative economic strains, lack of heat, and lack of sufficient and proper food in the past may evidence themselves sooner than one might suppose or hope in civil disturbances, in epidemics or in an enduring damage to the public health.

SECTION II. The Immediate Needs.

The immediate essential needs of France are:

- A. More coal,
- B. Improved internal transportation,
- C. A larger and better balanced national diet,
- D. The import from abroad of sufficient raw materials to resume production in key employment industries.

If the first two problems could be solved, the third would automatically improve. All four prime problems, however, are interrelated. The question of increasing domestic production of coal, for example, is directly connected with the Government's ability to provide larger food rations for the miners, to find the railway rolling stock to move larger quantities from the pit heads, to import maintenance machinery parts, and the necessary mining machinery to replace worn out equipment and to provide pit props. It is even connected with the ability to produce and distribute consumers goods which will provide an incentive to the worker to earn money in order that he may spend it, for unless he can buy clothing and furniture and other necessities he is not interested in accumulating said pieces of paper money.

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Bearing in mind the inseparability of these problems and their interdependence upon each other, it may nevertheless be useful briefly to consider the present position of each.

A. COAL\*

It is a truism to say that the economy of Europe runs on coal. France depends on coal for the production of (i) nearly half her electric power, (ii) the operation of her railroads, (iii) the functioning of industry, and (iv) a large part of her domestic heating needs.

France is one of the world's important coal producers. In spite of that, however, she was forced in peace time to import one-third of the coal she consumed.

For example, in 1937 France mined 45,000,000 tons and imported 30,000,000 tons. In December of 1944 her mines were producing at only two-thirds of the peace time rate.

Since liberation SHAEF has been unable to import into France sufficient coal to equal the quantity of coal which has been produced by France and which has been turned over by France directly to SHAEF for military purposes. The consequence is that France is attempting to live on little more than two-fifths of her normal coal requirements. Unless increased quantities of coal can be made available in the coming months, the shortage of this key commodity will act as a bar to any effort to revive

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\* See tabulation on Coal for a more detailed examination of the situation.

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the industrial economy of France, even if she were to get the necessary transportation and raw materials to permit her industrial machinery even slowly to turn over.

Electric power production has been successfully maintained, for the plants escaped the serious damage which had been feared, and repair work - with notable U.S. army assistance - was very speedy. In the search for means of saving coal, the French are now discussing with the Swiss the possibility of substantial transmission of electric power from Switzerland. After VJ-day the possibility of power imports from Germany should be explored. >

Probably the most serious consequence of the coal famine last winter lay in the effect on the health of the people. There was no coal available for the heating of houses in Paris last winter. The severity of the winter and the shortage of food, particularly fats, combined to create a situation highly disturbing in terms of its potential social and political consequences as well as its effect on health.

Although neither authoritative nor broadly based statistics are available, there seems little doubt that during the past winter in Paris and in other large urban centers there was a substantial rise in the mortality rates for the very young and the very old as well as a general deterioration of physical well-being.

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> See tabulation on Public Utilities for greater detail.

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This conclusion is based not only on a visit to the national public health center of France and a scrutiny of their health charts but on many conversations with private citizens and social workers.

A widespread belief seems to exist, with convincing though intangible support, that a second successive winter, without any coal for domestic heating and with inadequate food, could not be well endured physically or politically. Reserves of health, morale, food and fuel were drawn down deeply. They no longer exist to the extent they did last fall. Then the people were sustained by the excitement of recent liberation and the hope of imminent improvement.

D. TRANSPORT\* :

Before the war France had a total of 16,575 locomotives with 14,700 serviceable. Prior to liberation she had 11,700 of which only 7,600 were serviceable. At the present time, including allied engines and with allied assistance in reconstruction and repairs, the French have 14,712 locomotives with about 9,500 serviceable.

Pre-war France had about 400,000 serviceable railway wagons. The Germans removed more than half the total and today the French have just under 200,000 serviceable wagons, including allied rolling stock.

Currently the Allied Armies are utilizing close to two-thirds of the available rolling stock and locomotives, measured by figures on tonnage carried.

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\* See tabulation on Inland Transport for a more detailed examination of the situation.

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Of pre-war railroad trackage France today has 93% of her mileage open to traffic, despite a total of over a thousand bridges and tunnels badly damaged by allied bombing or German demolition. The American Army was the major instrumentality in this repair job. It should be emphasized, however, that the repairs in many cases have been on an emergency basis. The magnitude of the task of restoring France's physical railroad plant to a point of efficient operation is great.

Truck losses are comparable to railway rolling stock losses. The Provisional French Government estimates that the truck population today is about 137,000 compared to 230,000 a year ago and over 470,000 prewar. These statistics are only estimates as exact figures are unavailable.

No new motor vehicles were made available for French civil use during the entire period of occupation. During that period the production of spare parts and batteries was diverted almost entirely to the German Army. The mortality of civilian trucks accordingly has been heavier than normal. Presumably this will continue for there is an increasing load being placed on road transport by reason of the frailty of the railroads.

Barge transportation has been to a considerable extent restored in the Seine system and the South of France despite extensive damage to the canal locks and dams.

About 60% of the combined Franco-German inland waterway system is now in service. German demolitions of locks and

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dams were not as serious as feared, and Allied assistance in restoring operations, including turning over of supplies and some floating equipment, has been considerable. The reconstruction of the network in the North and Northeast will require many months.

The importance of restoring mobility to the economy of France cannot be overrated. This applies particularly to the efficient collection and distribution of indigenous food resources - since France's agricultural production is unevenly dispersed, as hereinafter discussed.

C. FOOD\*

Before the war France was substantially self sufficient in food. The most serious shortage was in edible fats and oils, which was met by overseas imports, largely from her own empire.

Without attempting to forecast the coming harvest, it is clear that France this year will be short, by substantial tonnages, of meat, fats, and sugar.

The larger cities and the South of France will also be short of wheat. The shortage of wheat largely arises from the transport difficulties of moving it from the surplus in the north to the deficit areas in the south and to the cities. The sugar shortage is traceable to insufficient coal last year to refine in full the actual sugarbeet crop. The meat shortage is aggravated by the decline in the livestock population and by lowered animal weight resulting from feed shortages. On the farms, in general, seed is sufficient, labor short, equipment run down,

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\* See tabulation on Food for a more detailed examination of the situation.

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and pulling power short. In addition, an accrued deficit exists for fertilizers.

Another element in the food situation - a very important one - is the tendency of farmers to hold on to the farm a larger than normal proportion of their produce. This is due apparently to a combination of fear for the future value of the franc, an absence of consumers' goods and necessary supplies on which to spend any money which the farmer might get for his goods, and a possible reluctance on the part of government officials to take a stern line with the farmer.

The national diet is now low and gravely deficient in fats, meat and milk - and has been for a long time. Authoritative figures are non-existent but there seems to be reasonable agreement that the average calory intake per capita falls slightly short of 2,000 a day. The official ration is now reported at 1,255 calories. This is supplemented by non-rationed vegetables, by gifts from friends in the country and by some purchases in the country, and, of course, by purchases in the black market.

The diet is heavily weighted with wheat and potatoes. The meat and butter ration is extremely low, 8.8 ounces weekly for meat, untrimmed, and 8.8 ounces monthly for fats. For some weeks recently ration tickets in Paris for these two items have not been honored - due to lack of supplies.

As would be expected, a black market in food exists.

The Provisional Government has tried hard, but has been able thus far only to curb it in some degree, but not to eradicate it. Prices are reported to range in the black market at from three

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times to ten times the official prices. Butter with an official price of 73¢ a pound is said to bring \$6.00 to \$10.00 a pound in the black market. The Provisional French Government has closed numerous black market restaurants in Paris, and the economic police have conducted searches of persons and vehicles and seizures of illegal shipments coming into the city. It is believed that the proportion of bread sold through black market channels has now dropped to an insignificant percentage of the total, primarily because the supply available through legitimate channels is now fairly adequate.

D. RAW MATERIALS.

France needs a variety of raw materials not available within her borders on which to operate her industries and thereby employ her industrial workers. Today her industrial production is less than one-quarter of normal. The fact that this condition is not reflected in employment statistics is due to a spread-the-work policy and to the retention on the payrolls of thousands of workers occupied with non-productive tasks.

France requires raw materials such as cotton and wool. With raw materials she could not only regain economic health, but produce in her own plants many products such as textiles, which are today short in the world, as well as France. It is directly to our own interests, as well as the French, to achieve a high level of internal production in France. A piece-meal approach, directed to the immediate production of certain items required by the Allied Armies in the field, has been coordinately inaugurated by the General Purchasing Agent of the U.S. Army for

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our army, and by the Ministry of Supply Mission for the British forces. It is already yielding dividends in actual supplies for the armies, and, incidentally, has effected a moderate, though patchy, employment of French labor. In no sense, however, is it a remedy for the basic problem. It is doubtful whether this program can or will reach significant proportions. It is limited by the amount of coal and transport that can be made available to implement it. Furthermore, it will be sharply curtailed on VE-day. It is in no sense a major or lasting stimulus to revival.\*

It should be noted that the import of increased supplies under the French National Import Program will fail proportionately to improve the civilian situation to the extent that part of such imports go to meet the large demands for re-arming the French military establishment. This expansion of the French army will impinge sharply on the already serious manpower shortages in certain specialized fields and upon France's gravely restricted coal and transport resources.

SECTION III. The Impediments to Solution.

In striving for economic recovery France is operating against a time limit, since the accumulation of stresses and strains is great. When that time limit will expire no one can predict. There is universal agreement, however, that the solutions must be found quickly. Some improvement in the present - and some basis for growing hope for the future - must be apparent to the French in a matter of months, not years, if France is to avoid a serious internal situation. The basic responsibility for deciding the course to be followed is the responsibility of the French themselves.

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\* See tabulation on this G.P. program for greater detail.

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I think that it is our responsibility to do all within our own limits of ability to help in the light of our own military and civilian needs and the needs of our allies and other overrun countries.

A. Limitations of Port Capacity, Shipping, Supply and Finance.

In my opinion the intake capacity of the ports now available for French civilian imports is sufficient to handle the civilian supply import program currently in prospect. Granting the fall of Bordeaux and the ultimate northward movement of our Army's supply line, I believe that port capacity is adequate.

The world shipping shortage, of course, imposes a limitation. On the basis of present information available, however, it would appear that for the coming period of three to six months France can probably be allocated sufficient ocean tonnage to bring in a quantity of supplies sufficient to meet her minimum essential needs. In fact, immediately following VE-day and for a period of two or three months thereafter, the Allied shipping authorities anticipate a substantial though temporary bulge in ocean tonnage available in the Atlantic for civilian shipments.\*

For the immediate future, financial factors would not appear to impose an important restraint on France's current import plans. Imports from her own colonies present no foreign exchange problem. The relatively small tonnages now planned

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\* See tabulation on Shipping for more detailed discussion of the shipping and port situation.

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from sterling sources likewise present no serious payments difficulties. The Lend-Lease Agreement which we signed with the French on February 28, 1945 provides that consumers goods, raw materials, and industrial goods up to a maximum value of about 2½ billion dollars may be provided under stated conditions and on the basis of both the usual direct Lend-Lease and the extension of long term credit under Section 3c of the Act. If for any reason the French fail to receive substantial deliveries under this Agreement their dollar problem will be gravely complicated. It is estimated that at the end of 1944 France held something over 2 billion dollars in gold and official dollar balances. This is, of course, being currently depleted by expenditure for procurement other than under Lend-Lease.

The prime limiting factor on the satisfaction of France's emergency short term import program is the world supply shortage in certain goods and other products. The limiting factors next in importance are internal transportation and coal. Without these two, imports can neither be distributed nor, in the case of raw materials, utilized.

B. Administrative and Procedural Considerations.

There are also certain administrative problems which may influence adversely the execution of current import plans:

1. Termination of Military Responsibility.

SMALF has played an essential role in our economic relations with France since liberation. Until recently it has been the sole provider of civilian imports for France. In

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dealing with the problems arising from this responsibility, SHAEF established a so-called Four-Party Supply Committee in Paris, as it has for the other countries within its jurisdiction. SHAEF was one member, and it also provided both the Chairman and the Secretariat. Representatives of the Provisional French Government, the British Embassy and the American Embassy completed the membership. It has proved extremely useful and is still functioning.

Last November however, the Provisional French Government presented a National Import Program for civilian supplies for the period ending June 30, 1945. This was subsequently accepted for planning purposes by the U.S. and U.K. Governments; and in January a recent shipping allocation was made directly to the French Government.

Therefore, there came into being two programs of imports for French civilians - one under SHAEF responsibility and the other under French procurement and shipment. This naturally produced problems of integration. A further complication has been the GFA Program above mentioned or, more accurately, series of programs, which constitutes still a third channel of importation from the United States into France. It is understandable, therefore, that sometimes the supply authorities in Washington have been, and are, confused as to who was claiming what and for which period.

It has now been decided, however, by the Combined Chiefs of Staff that on May 1, civil imports by SHAEF will be discontinued. The French National Import Program, in ships allocated directly

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to the French, will then become the main stream of imports into France. Outside of this Program there will still remain, for the time being at least, imports under Army auspices for the G.A. production program. These, however, should not prove particularly large in the aggregate nor seriously disturbing to the main stream. The G.A. Program will be limited in size by the coal and internal transport shortages and it will sharply decline after VE-day in any event.

After May 1 SHAEF's direct responsibility by agreement, will be restricted to coal and POL imports into France, which for reasons of military necessity it must still control. In addition, however, SHAEF will retain that amount to a contingent underwriting liability, since for operational reasons SHAEF must prevent, in all events, the development of disease and unrest behind its lines. If, therefore, for whatever reason, imports under French auspices are insufficient to accomplish this objective, SHAEF will of necessity be forced into action. SHAEF must therefore keep itself currently informed of the status of the French import program. For the same reasons, it must also keep itself generally informed on the level of rationing and the state of public order in France.

From the point of view of the French - and also of this Government's relations with them - it is necessary that SHAEF should not shed its remaining responsibilities abruptly. The French, to a significant degree, are currently dependent upon Army cooperation and at times facilities for the berthing and discharging of cargoes, the clearing of ports, and internal distribution.

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2. Working Relations with the British Embassy in Paris.

The British, as a supplying nation, have a real interest in French supply matters. At present there is close and effective cooperation between the British and the American Embassies on economic matters of joint concern in France. There does not appear to have been in this collaboration any limitation imposed in any way on our own freedom of action. There seems no need to extend it beyond what exists already and the natural expectation would be that, as the combined COMSEC supply, allocation and shipping machinery in Washington reduces its scope, simultaneously the area in which joint action in the field was required would correspondingly diminish.

3. Administrative problems of the French authorities.

Administrative difficulties exist, and it is reasonable to expect that new ones will arise, in connection with the Provisional French Government's discharge of its own responsibility. Basically that is a problem for the French and beyond our power to remedy. Any attempt on our part to continue any economic responsibilities in France beyond the time when purely military considerations require it, would clearly be a form of paternalism which would not help the French and which would work lasting damage to our relations with them. Our effort should be in the direction of impressing upon them their responsibility and not attempting to do things for them which are properly their own concern. On our part, the American military and supply machinery must be so streamlined and simplified as to make procurement for France, as well as the other liberated areas, as speedy and effective as possible.

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4. Problems Reflected From Washington.

The present picture could be incomplete without a brief reference to the effect in the field of the operation of the instrumentalities of our Government in Washington dealing with civilian supply problems for the liberated areas.

In our Embassy in Paris the need exists for more precise and urgent instructions.

Improvement could also occur in the interchange of relevant information between S. A. F. and the Embassy in Paris.

Finally the Embassy will require additional personnel of experience and economic background, to meet the heavier load which it will inherit as S. A. F. divests itself of the civilian supply responsibilities which it has hitherto carried.

SECTION IV. Reconstruction and Longer Term Financial Considerations.

Up to this point this report has concerned itself only with the current problem of the needs of France and the obstacles to their satisfaction.

Once the immediate creature needs of France have been moderately satisfied, however, France must turn to the problem of re-establishing herself as a great industrial and agricultural power. This involves not merely repairing the damage of war but also the restoration or re-creation of her economy in such manner as the French Government may decide. The formulation of any such longer range program involves a consideration of the plant and equipment, the labor, and the other capital goods which France will need either to construct herself or import

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from abroad. This in turn requires not merely a quantitative estimate of the dimensions such a program might reach but also of the limitations which might be imposed by France's foreign exchange and gold position, including her ability to generate foreign exchange through a revival of exports.

At this point, a few observations are indicated. In the first place, contrary to general impression, the damage which France has sustained in this war as a result of ground fighting, bombing damage, sabotage, and German demolition, is several times that which she suffered in the first World War. It is estimated that against 300,000 houses damaged or destroyed in World War I, there are today in France one million damaged or destroyed homes. In the devastated areas, shelter is a serious problem.

French authorities have made a preliminary estimate of the costs of reconstruction based upon current costs rather than value at time of destruction. According to this estimate an expenditure of about 1500 billion francs would be required. This estimate appears excessive. Furthermore, it would probably be misleading to translate this sum into a dollar equivalent at the official rate of exchange (franc - 2 cents) for this rate overvalues the franc, and only a portion of reconstruction requirements for materials and equipment will be met by importations from other countries.

The repairs which the Allied Armies have made in France's ports and on her railroads and her highway system have been little short of miraculous, particularly in point of speed of accomplishment and ingenuity. It would be a mistake,

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however, to imagine that they are permanent improvements; on the contrary they are improvisations. The Army Engineers build a wooden trestle to enable one track to cross a river where a two-track steel structure was blown up. It will carry trains at slow speed with reasonable safety for probably two or three years. Its life, however, is short and a price is paid in delay to train schedules.

Such the case is true in the ports. At Cherbourg virtually all the berths from which our ships unload today are of temporary wooden pile and plank construction built by our military. Except to clear away some of the scrap and rubble no effort has been made - or has been possible - to restore France's damaged ports in any permanent sense.

Finally there are many decisions of a high political nature which the provisional French Government has still to take, and which, when taken, will notably effect the framework of French reconstruction. Among these are the extent to which private enterprises will be permitted to govern the rehabilitation and reorganization of industry, the question of the rate of exchange for the franc with all the implications regarding an export revival which the present high rate carries, the extent to which the government will be able or willing to hold down the production of consumer goods for the sake of increasing the proportion of capital goods, and finally, the important question of the extent to which France will continue to derive her civilian economy for the sake of building up and maintaining a large military establishment.

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SECTION V Conclusions.

There follows a summary of my conclusions with respect to France for the period immediately ahead:

1. Military responsibility for the importation of coal and POL should end as soon as military considerations permit. It is essential, however, that the U.S. Army should continue to assist on such problems as port operations, inland transport and trucking assistance.
2. The Four Party Committee should be continued as long as the military retain any of the responsibilities cited above. The military should have no responsibility for screening future French national civilian import programs except for port reception and clearance capacities.
3. The Four Party Committee should shortly come under French chairmanship since SHANF will play a diminishing role in the committee's functions. Because SHANF does retain a contingent responsibility for the prevention of disease and unrest, however, it must keep completely informed on supply matters.
4. The GPA and the British Ministry of Supply Mission should keep the Four Party Committee or its successor completely and currently informed of their actions and plans.
5. The allocating authorities in Washington should accord to French requests for food, coal production and transport equipment, as high priority as they can in the light of other demands.
6. Every effort should be made to help the French take advantage of the anticipated temporary post VE-Day shipping bulge

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to get coal from the United States to France. Even if the quantity shipped in were small, its importance in French eyes as an effort to help would be out of all proportion to the tonnage. Coal is a political as well as a supply problem.

7. Precise instructions should be sent from Washington to our Embassy in Paris on the procedures for screening French import requests which should be employed in the future. The flow of background and current information from Washington to the Embassy should be speeded and increased. Additional policy guidance on the application of lend-lease is also required. A willing ear should be turned the Embassy's request for additional personnel to work on supply problems. Finally instructions to the Embassy in Paris from Washington on all matters in the civilian supply field should be expedited and coordinated to the end that they report the combined views of all departments concerned.

8. Attention should be given to improving the presentation to the French public of the facts concerning the United States war-effort, the extent of the assistance we have provided and are providing France, and the sacrifices made by our own civilians at home. There is too little knowledge among the ordinary French people of any of these facts.

My conclusions, with respect to the longer term problems of reconstruction and any financial assistance that France may ask of us for that purpose, are:

1. Specific discussions with the French authorities on questions of credit or other forms of economic assistance in

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reconstruction should be postponed for several months. France has not yet been able fully to inventory her situation, and the Provisional French Government has not yet taken the high policy decisions which must precede any substantive discussions with us.

2. I urge the prompt approval by Congress of the Administration's program of financial legislation. Passage of the legislation would permit France to negotiate credits with private capital sources and the Export-Import Bank and thus aid in the solution of her earlier financial problems. Later recourse to the Monetary Fund and the International Bank for Reconstruction and Development, if approved by other nations and subsequently established, would provide at least a substantial part of the funds necessary for long range economic rehabilitation.

Prepared by Rosenman Mission  
London, England, April 15, 1945.