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Prepared by Rosenberg Mission
London, England, April 16, 1945

INDEX

A. ALLOCATION OF SHIPS

1. FRANCE
2. BELGIUM
3. NETHERLANDS
4. MEXICO

B. PORTS

1. Port Intake Capacity

- a. Import of Coal
- b. Bulk Petroleum
- c. Labor and Administration

2. Ports and Port Capacity allocated to

National Governments

FRANCE
BELGIUM
NETHERLANDS

3. Equipment Allotted or Returned to National

Authorities

C. PORT CLEARANCE CAPACITY

CONCLUSIONS AND RECOMMENDATIONS

S H I P P I N GA. ALLOCATION OF SHIPS

Recent reexamination of the shipping position indicates that it will continue to be extremely tight until the end of the European war. It appears, however, that the allocations of ships which have been made to the National Governments of Northwest Europe during the first quarter of 1945 and the allocation proposed for the second quarter of 1945 are adequate to meet the shipping requirements of these governments for the civil cargo which will be available. There is reason to believe that the difficulties which these governments will have in the procurement of supplies will be such that the total proposed allocation of ships for the second quarter may not in fact be fully utilized.

Military demands for shipping are expected to decline for the first quarter following V-E Day but to increase again thereafter to something close to their present level. The several National Governments have been urgently requested, therefore, to submit programs covering the first three months after the end of the European war and to proceed with arrangements which will enable them promptly to accelerate the rate of shipment of civilian supplies at that time. The shipping authorities have advised the combined supply authorities of the expected temporary easing of the shipping position in order to assist representatives of the National Governments in securing necessary allocations of supplies.

The following is a statement of the present position of the target for shipping for the National Governments which has been set for the War Shipping Administration and the Ministry of War Transport for the second quarter of 1945:

SECRET

1. FRANCE:

MINISTRY OF WAR TRANSPORT
(Provisional tonnages in deadweight cargo capacity
of shipping)

	<u>From U.K.</u>	<u>From N. America</u>	<u>From other sources</u>	<u>TOTAL</u>	
France, North	170,000	55,000	E.C.S.A.	15,000	
			W.Africa	7,500	
			S.Africa	7,500	260,000
France, South	-	22,000	E.C.S.A.	8,000	
			W.Africa	15,000	
			S.Africa	30,000	
			Indian Ocean	15,000	
					90,000

WAR SHIPPING ADMINISTRATION
(Provisional allowances, in ships, as communicated
to Washington, U.S.A.)

	<u>From U.K.</u>	<u>From N. America</u>	<u>From other sources</u>	<u>TOTAL</u>
France, North	-	31	E.C.S.A.	3
			W.Africa	1
			S.Africa	1
			Lisc.	1
France, South	-	11	E.C.S.A.	1
			W.Africa	2
			S.Africa)	
			Indian)	5
			Ocean)	
			20 †	

† Includes 3 sailings which will be switched to North France

2. BELGIUM:

MINISTRY OF WAR TRANSPORT
(Provisional tonnages in deadweight cargo capacity
of shipping)

	<u>From U.K.</u>	<u>From N. America</u>	<u>From other sources</u>	<u>TOTAL</u>
Belgium	48,000	55,000	E.C.S.A.	24,000
			W.Africa	48,000
			W.Med.	15,000

WAR SHIPPING ADMINISTRATION
(Provisional allowances, in ships, as communicated
to Washington S.E.U.C.)

	<u>From U.K.</u>	<u>From N. America</u>	<u>From other sources</u>	<u>TOTAL</u>
Belgium	-	28	E.C.S.A.	3
			W.Africa	5
			W.Med.	1

SECRET

3. NETHERLANDS:

The Ministry of War Transport and War Shipping Administration provisional allocations for the Netherlands for the second quarter of 1945 are currently under review in the light of port clearance now indicated by SPAEF.

4. NORWAY:

The Ministry of War Transport provisional allowances for the second quarter of 1945 show an allocation of 10,000 tons for Norway (Finmark) from the U.K. Norway has been omitted from War Shipping Administration allocation, but if demand materialises, it is expected that it will be dealt with at that time.

B. P O R T S

1) Port Intake Capacity

The supply of the forces in both Normandy and Southern France in the early stages was maintained over beaches until ports were re-captured and rehabilitated. This period was extended well into the fall in Normandy because of insufficient capacity through available ports, whereas in the Mediterranean, over-the-beach operations were necessary only for a short time after Marseilles was taken in September.

The construction of two portable harbors (mulberries) at two of the invasion beaches in Normandy was undertaken to facilitate the early landing of supplies to support the forces. This proved to be valuable in the initial operations. One of the portable harbors was lost by storm damage, however, shortly after its completion, and the other did not prove suitable after early winter weather set in.

The first ports available in Normandy were

SECRET

suitable only for shallow draft vessels. In many cases it was uneconomical to use these ports because of shortages of labor and equipment. Certain other ports in Northern and Western France could not be used due either to extensive destruction, as at St. Malo and Brest, or to enemy occupation, as to Dunkerque, Lorient, St. Nazaire and Nantes.

Cherbourg was the first deep-water port available. This port had been extensively damaged by the Germans and required major repairs and reconstruction. It was actually opened for cargo on July 16. Le Havre and Rouen were the next deep-water port available, and both of these ports required extensive repair as a result of Allied bombing and German demolition. Le Havre received its first cargo on October 3 and Rouen on October 21. The difficulties faced by the army engineers in making these ports usable cannot be over-emphasized.

The following table sets forth a comparison of the estimated port capacity and the actual tonnages discharged through all ports on the Continent. The tonnages discharged cover military equipment and supplies including civil affairs supplies, but do not include assembled vehicles, bulk petroleum or National Civil Imports:

		Long tons per day
	Estimated Capacity	Actual Military Discharge
June	31,000	32,916
July	40,000	39,477
August	40,000	35,550
September	40,000	32,692
October	50,000	47,445
November	55,000	53,392
December	85,000	65,537
January	96,000	78,981
February	98,000	75,399

Since the opening of Antwerp on November 26, there has been a growing surplus of port capacity,

part of which has been made available to the National Governments for their own imports. There have been several factors, however, which have permitted only a small part of this surplus capacity to be used by the National Governments. One of the limitations has been the availability of coaster shipping. Other limitations have been the inability to utilize full port capacities because of weather, enemy interference, shipping delays, such as convoying, and tidal restrictions as in the Seine.

a) Import of Coal

Coal was first discharged on the Continent in bags over the beaches. The early demands for coal supplies to maintain military railways and essential industries made it necessary to develop special facilities and equipment for this purpose. These were provided and installed at Granville, Cherbourg, Caen and Dieppe, and, with the exception of Cherbourg and Lorient, coal has been received at small ports and has been transported by coasters.

The future import of coal to the Continent must necessarily be limited by world shortages of coal and shipping. It is believed that no difficulties will be encountered in port acceptance. The repair and reconstruction undertaken by the military can be used in future civilian operations.

There is attached, as appendix (A), a table of coal tonnages required by the military against those which have actually been discharged.

b) Bulk Petroleum:

The first port available for the acceptance of bulk petroleum was Fort-en-Bessin, which was opened on June 11. Storage tanks here were captured intact,

SECRET

and ship-to-shore lines were installed at this port to provide for rapid discharge of medium tankers. This was the beginning of the now extensive pipeline network which supports the military. Later, facilities were developed at Cherbourg; and in the river Seine.

Many additional petroleum ports have now been opened, such as de Bous, Ostend and Antwerp and steady improvement of the conditions in these ports has brought about a flexible situation in oil imports. Transatlantic tankers can now be accepted at Cherbourg, La Havre, London and Antwerp.

A minimum of new constructions has been added to the original installations, but extensive repair work has been carried on in these ports. It is believed that adequate port facilities exist for the acceptance of bulk petroleum which will be needed to support the civilian economies of the countries of Northwest Europe after V-E day.

c) Labor and Administration

It has been General Eisenhower's policy to encourage the use of local labor, and an ever increasing part is being played in the extensive port rehabilitation and port operations by the civilian labor employed at the ports used by the military. There is no shortage of labor for this purpose.

Administrative responsibilities in many ports have been completely or partially turned over to the National Governments. The Military has followed the policy of consulting and coordinating with the National authorities in connection with the rehabilitation and use of port facilities in order that future civilian requirements will be served to

SECRET

the extent possible.

2) Ports and Port Capacity Allocated to

National Governments

Port acceptance and clearance capacities have been authorized to the National Governments as follows:-

		<u>FRANCE</u>	
<u>Southern France</u>			<u>Long tons per day</u>
Toulon	}		5,000
Marseille			
de Bouc			
St. Louis			
Sete	}		
<u>Northern France</u>			
Le Havre	}		5,000
Rouen			
Caen	}		4,000
Dieppe			
Calais			
Brest			
Total			14,000

In addition, the following ports have been turned over to the French for such use as may be made of them:-

Isigny, Carenthan, Barfleur, St. Brienc,
Grandcamp, St. Vaast, St. Malo.
Vrilaix (Subject to military coal program)
Boulogne
Dieppe (subject to military coal program).

BELGIUM

Antwerp 3,500

NETHERLANDS

Antwerp 1,500

The Dutch are carrying out minor operations in the small ports of Flushing, Bergen-op-Zoom, Sas Van Ghent, Hansweert and Wehaldinghe.

These port allocations have proven sufficient for the National Governments programs to date, and there is every reason to believe they will be sufficient for the foreseeable future.

3) Equipment Allotted or Returned to National Authorities

General conditions in "screaked" ports have made the introduction of cargo-handling gear, cranes and floating equipment necessary; and consequently the national civil operations have been dependent in many cases upon the provision of facilities which could be spared by the military.

The equipment listed at appendix (A) has been provided from military or Ministry of War Transport stocks, or is French-owned equipment returned.

In addition, equipment and services have been loaned where necessary to assist the National Governments.

3. PORT CLEARANCE CAPACITY

Inland transportation is covered in detail in T.A.B 9; and reference is made to that paper for specific information as to the rail, barge and truck situation in Northwest Europe.

So far as the problem of inland transportation relates to the problem of port clearance, it has always been the position of SHAEF that the port capacity allocated to the National Governments covered port clearance capacity as well. In other words, where SHAEF has authorized the French Government to import 9,000 tons per day to ports in Northern France, this authorization was made in the light of SHAEF's estimate of the ability to clear this tonnage from the ports once it was landed.

SHAEF has stated to the Combined Chiefs of Staff that the French import program from June onwards may be regarded as restricted only by procurement and allocation of shipping to the French.

SECRET

For Belgium, SHAEF has certified a port intake capacity of 200,000 tons a month for April, May and June. SHAEF's view is that in July this capacity will probably be increased and that port capacity and clearance should not in any sense be regarded as a restriction on procurement by the Belgians.

Holland was authorized to import 1,500 tons per day through Antwerp (LFL 538, February 14, 1945). It is SHAEF's opinion that this can now be increased to 2,000 tons per day through Belgium, and that the use of small Dutch ports from June onwards will increase the capacity to 3,000 tons per day.

SHAEF has repeatedly emphasized that port capacity and clearance which it has certified should not be taken as restrictive on procurement. SHAEF urges that procurement by the National Governments should proceed without regard to known shipping allocation or clearance capacities in order that cargo may always be readily available to take advantage of any increase in either of these factors (LFL 683 April 4, 1945).

CONCLUSIONS AND RECOMMENDATIONS

- 1) I am convinced that port capacity and clearance allotment are now sufficient so that they should not be regarded as restrictive upon procurement by the National Governments or upon the allocation to them of ships.
- 2) In view of the allocation of ships which has been made to the National Governments and of the target for the second quarter, I believe the supply shortage now developing, rather than shipping, will be the limiting factor as to what can be sent into

these countries. If, however, it should later develop that shipping becomes a choke point, then I believe the shipping position should be re-examined at the highest level to ensure that the liberated countries receive the maximum allocations consistent with the conduct of the war and the needs of our other allies.

3) Every assistance should be given to the procurement programs of the respective National Governments so that full advantage can be taken of ships now allocated and in order that maximum shipments of supplies may be made to the Northwest Europe during the temporary ease in shipping for the first few months following V-E-Day.

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

APPENDIX A

COAL IMPORTS TO THE COUNTRY
(Long Tons)

<u>MONTH</u>	<u>PROGRADED</u>	<u>DISCHARGED</u>
<u>1944</u>		
JUNE	7,700	1,039
JULY	36,500	8,770
AUGUST	74,500	12,170
SEPTEMBER	171,000	46,400
OCTOBER	187,400	76,077
NOVEMBER	157,200	102,382
DECEMBER	249,000	148,031
<u>1945</u>		
JANUARY	251,800	190,403
FEBRUARY	252,800	225,540
MARCH	269,100	
APRIL	277,000	
MAY	273,000	
JUNE	264,000	

APPENDIX B

MARINE EQUIPMENT RELEASED TO FRENCH FOR PORT OPERATING

LE HAVRE	30 - 100 Ton Mica Barges	21 AG	
	17 - 5 Ton Portal Cranes	COM Z	
	1 - 3/6 Ton Portal Crane	"	
	12 - 3 1/2 Ton Portal Cranes	21 AG	
	5 - French Tugs (returned)	MWT	
	2 - French dredges (or Rouen) returned for dredging Seine	"	
ROUEN	20 - LCT (Landing Craft Tank 150 T capacity)	21 AG	
	5 - 5 Ton Portal Cranes	"	
	22 - 5 Ton Portal Cranes	COM Z	
	3 - 3 1/2 Ton Portal Cranes	21 AG	
	25 - CT (Canadian Tug 5/600 hp)	COM Z	
	3 - French Tugs (returned)	MWT	
BOULOGNE	20 - 5 Ton Portal Cranes	21 AG	
	15 - LCT (Landing Craft Tank 150 T capacity)	21 AG	
	4 - PBR (Powered barge Ramped loan without engines)	21 AG	
	2 - TID Tugs (200 hp) (loan)	MWT	
	37 - DRR (Dumb Barge Ramped) (loan)	21 AG	
	MORLAIX	6 - 300 Tons Steel Barges (landed over)	COM Z
4 - 300 Ton Steel Barges (loan)		"	
1 - SG Towboat (loan)		"	
1 - CT Towboat (loan)		"	
2 - 6 Ton Gasoline Cranes (loan)		"	
2 - Tractors		"	
22 - EK wooden Barges		"	
1 - 700 hp Towboat (loan)		"	
4 - 100 hp Towboat (loan)		"	
4 - MFL (Motor Tow Launch) (loan)		"	
40 - Tipping Buckets (loan)		"	
CAEN		5 - Sea Mule Tugs 225 hp	21 AG
		6 - 3/6 Ton Portal Cranes	"
	5 - TID Tugs 200 hp	"	
	24 - PBR (Power Barge Ramped)	"	
	15 - DRR (Dumb Barge Ramped)	"	
	2 - British Hopper Barges (loan) (for dredging)	MWT	
	Sufficient Cargo Handling Bear for 2 - 4 Hatch ships	21 AG	
	BREST	4 - 300 Ton Steel Barges	COM Z
		1 - 30 Ton Floating Crane (loan)	"
1 - Steam Tug (loan)		"	

ST MALO	2 - French Tugs (returned)	EST
	1 - Dutch Tug (loan)	"
CHERBOURG	4 - French Tugs (returned)	EST
DILPPE	4 - TID Tugs (200 hp) (loan)	EST

EQUIPMENT NOT YET TURNED OVER

17 - 3 $\frac{1}{2}$ Ton Portal Cranes	COM 4
13 - 3/6 Ton Portal Cranes	21 A3

(Disposition to Ports not yet firm)

SECRET

PATROL SITUATION

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SECRET

SECRET

INDEX

- I. General Analysis of the Problem
- II. Limitations on Imports to Date
- III. Steps Taken by the Military to Alleviate Situation
- IV. Present Level of Supply
- V. Present Method of Computing Requirements
- VI. Discussion of Future Needs
- VII. Recommendations

SECRET

SECRET

PETROLEUM SITUATION

I. General Analysis of the Problem.

As I have indicated in other tabulations, in France and Belgium the most critical needs are for internal transport and coal production. The general need in these countries for petroleum imports, however, is only slightly less urgent than the transport and coal requirements. Certain types of petroleum products are of equal urgency because they are required to operate coal mines and forms of internal transport.

In Norway and Denmark, I believe that the need for the importation of petroleum has priority equal to that of coal. Norway and Denmark are both critically dependent on their water-borne internal transport, much of which is diesel powered. In these countries not only is petroleum required for vital lubrication but it ranks high as a source of power for transport.

The situation with respect to the urgency of petroleum needs in Holland falls somewhere between the France-Belgium and Norway-Denmark situation. Until liberation of Holland is completed, the conditions which will be found are so uncertain that no accurate prognostication of petroleum requirements can be made although their essentiality is clear.

In none of the five countries which were within my responsibility are there any indigenous supplies of crude petroleum. Therefore, each of these countries is completely dependent on imports.

II. Limitations on Imports to Date

The primary factor which has limited the ability of the Military authorities to import petroleum

products has been the shortage of all forms of transportation. There has been a shortage of tankers, port facilities for unloading petroleum in bulk and of tank cars and bulk storage facilities.

As a result of these limitations, petroleum products have been imported into the liberated areas in packaged form in a much higher proportion than efficient distribution would dictate. Pipe lines laid by the military authorities across France and Belgium have been used almost exclusively for military traffic during the operational period. Some relief in this particular situation is expected after V-E Day as troops occupying Germany will probably receive their petroleum supplies through the North German ports, which will be much closer geographically to the troops than the French and Belgian ports. As a result a part of the internal distribution load may be relieved as it is not presently intended by the military authorities to remove the pipe lines which they laid across France and Belgium.

III. Steps Taken by Military to Alleviate Situation.

The following are representative of the efforts which the allied military authorities have taken to meet the situation:

a. In the first place, all captured stocks of petroleum were impounded, carefully inventoried and sparingly issued to the most essential users. This made it possible to keep food trucks moving into the populated areas and start up utilities and food processing plants.

b. In certain cases lubricants had to be flown in from England to prevent the shutdown of essential industries such as coal mines.

SECRET

c. Transportation in the form of tank cars and barges has been allocated to the nationals in order that they might effect distribution through their own channels. This has been in the form of 630 clean tank cars, 490 fuel oil cars and barge lift on the inland waterways of France and Belgium. The Army Groups are also assisting by making delivery at points where the nationals have been unable to solve their own problem. There are approximately 1,200 tank cars in various states of repair which at present are being reconditioned in railway shops and allocated for civilian distribution.

d. The problem of specialized industrial lubricants was overcome by importing in tankers into Rouen and Antwerp, three basic grades of lubeoil blending stock. The oil experts in these countries can blend and compound approximately 80 percent of all their requirements; and, as this program is expanded, all of the packaged oil can be prepared on the continent, comprising about 15 grades of lubricants. It is also anticipated that some vegetable oils and fats can be imported in order that automotive and industrial greases can be compounded from the bulk stocks.

e. Arrangements have been made with operating units of the Armies for the collection of used lubricants from crankcase drainings which are being turned over to the National authorities for reclamation and reissue as automotive lubricants. This will also bring about a saving on imports.

SECRET

f. Straight-run gasoline has been specially imported in bulk and delivered to the Nationals for redistillation and manufacture of special boiling point products, such as rubber solvent and for food processing.

g. Assistance is being given the petroleum industry of France to reactivate the synthetic oil refineries and allow a limited production of certain badly needed lubricants.

h. France had a highly developed crude oil refining industry and was importing approximately seven million tons of crude oil annually before the war. Surveys are being conducted at present in order that recommendations may be made to world-wide petroleum agencies as to the feasibility of reopening these refineries and importing the necessary crude oil.

i. It has been necessary to give considerable aid to the liberated countries in reorganizing their administrative machinery to cope with the numerous problems that have arisen involving distribution as well as technical phases of the oil industry.

j. The severe winter and the low degree of maintenance in the last four years left the road network of France and the low countries in bad condition. A program has been carefully worked out and an attempt will be made to import approximately 130,000 tons of various grades of asphalt which will be sufficient to effect repairs, but not complete renovation of the road system.

IV. Present Level of Supply

The present level of petroleum provision in

SECRET

liberated areas is a bare minimum and is not adequate to support any substantial industrial rehabilitation. SHAEF proposes to increase the present level, particularly in the case of gasoline, during the next three months. However, I was advised that unless the internal transportation situation in France and Belgium could be materially improved it would not be possible to distribute petroleum products on a much higher scale than that now prevailing. As I indicated in my discussion of the transportation problem, it is not at all clear that after V-E Day there will be any immediate improvement in the transportation facilities generally available in France and Belgium.

I am inclined to believe that there will be some easing up in the requirements for transportation facilities peculiar to petroleum products. With the cessation of operations, the tremendous military requirements for gasoline and lubricants to service combat aircraft and operational vehicles of all types will be sharply reduced. Not only will such reduction take place, but the urgency of the remaining requirements will not be so great. These two factors should relieve to some extent internal distribution facilities for handling civilian petroleum supplies.

V. Present Method of Computing Requirements

At the present time requirements for petroleum for civilian consumption in liberated areas are computed by the national authorities and transmitted to SHAEF Main Headquarters through the SHAEF Country Missions. They are screened by the petroleum experts in SHAEF and its Country Missions and are then consolidated with the

SECRET

SECRET

aggregate military petroleum requirements for the areas. The consolidated requirements so obtained are then passed by SHAEF through the rather intricate petroleum allocation and procurement machinery. Actual issues for civilian consumption are made by SHAEF from the bulk allocation it receives in response to the consolidated requirements submitted. Because of the strict control which has been maintained throughout the world over petroleum allocation and procurement and because of the vital importance of petroleum to military operations, it is probable that SHAEF will have to retain this control of petroleum for civilian purposes at least until active operations have ceased in Northwest Europe.

The petroleum experts in SHAEF advised me that the military desire to release this control as rapidly as possible. Therefore, it was their opinion that the petroleum authorities of the allied countries of Northwestern Europe should develop procedures by which petroleum allocations could be made direct to them as soon as the military are able to release control. This suggestion has been made to the various governments involved.

VI. Discussion of Future Needs

I think it would not be useful for me to attempt to detail the petroleum requirements of the various countries in this report. So long as military responsibility for petroleum import continues, I feel that the military priorities under which imports will

SECRET

SECRET

be made will result in the import of at least a bare minimum of petroleum. Amounts sufficient to support any extensive economic recovery in Northwest Europe can only be obtained, however, if imports in excess of the military level of supply can be effected. If these are not obtained promptly economic recovery in Northwest Europe will thereby be delayed.

VII. Recommendations:

1. Our petroleum and shipping experts should begin to plan, immediately, to the end that necessary programs for petroleum imports by the national governments can be established and workable methods for their implementation agreed upon.

2. The POL requirements for Norway and Denmark should receive particular consideration in view of their relation to coastal shipping, internal transport, fishing, and food collection and processing in these countries.

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SECRET

MILITARY RESPONSIBILITY

FOR CIVILIAN SUPPLY

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SECRET

MILITARY RESPONSIBILITY FOR CIVILIAN SUPPLY

Examination on the ground leads me to the following two conclusions with respect to military responsibility for the provision of civilian supplies:

(1) The Army has successfully discharged in Northwest Europe its obligation undertaken pursuant to the President's letter of November 10, 1943 to the Secretary of War to provide initial relief supplies necessary to avoid disease and unrest, and

(2) military responsibility and control over the importation and distribution of supplies for civilian consumption should be terminated in each liberated country at the earliest practicable date.

In a country where military operations are conducted, or in a country through which military operations must be supplied, modern war requires for the military effort the essential elements of the economic fabric of the country, including transport, communications, power and strategic indigenous supplies (e.g. coal). In practice, many of these items pass to military control.

As a result it becomes difficult, if not impossible, for the civilian channels to function normally.

Moreover, one of the most acute supply problems resulting from total war is the caring for displaced persons and refugees who are ordinarily uncovered by the forward troops and can therefore be handled in the first instance only by military authorities.

Under such conditions the only effective medium for the initial provision of civilian supplies in such countries is the Army.

Early in this war the interested agencies of our government agreed that the Army's provision of supplies for civilian populations would be at the minimum level which would avoid prejudice to operations

i.e. a level which would avoid disease and unrest. It was recognized that such a level of civilian supply could not be long continued without impairment of health and physical well-being.

It is clear that to continue military responsibility for civilian supply after the reasons for initial military responsibility have ceased to exist, militates against ultimate economic recovery. Of necessity, enemy occupation of and active military operations in a country leave it in a weakened economic condition. To limit the standard of assistance to the military level of provision any longer than is necessary, is to restrict treatment to first aid long after the patient is in need of a major operation. Moreover, one of the principal requisites for economic recovery in any liberated country is a national government of sufficient strength to plan and implement its own economic policy. The attainment of a strong government is impeded and delayed so long as external control over the economic life of the country continues.

When, as is now the case in France and Belgium, a country is no longer the scene of active operations, its civilian supply is of military concern only as the country may constitute a military base or lie within the Army's lines of communication. Under such circumstances, there seems to me to be no military reason which should over-ride the right of a sovereign national government to control its supply matters through appropriate civilian agencies.

This problem is clearly understood at SHALF. General Eisenhower has recommended to the Combined Chiefs of Staff who have approved his recommendation, that except for the vital military items of coal and petroleum, military responsibility for the provision of civilian supplies in France should terminate on 1st May. I am advised that negotiations are currently in

progress to terminate military supply responsibility in Belgium on September 1st.

As Holland, Denmark and Norway have not been completely liberated the question of termination of military supply responsibility does not yet arise. However, in view of the current military situation, it seems that the period of military responsibility should also be brief in these countries.

The President's directive to the War Department of November 10, 1943 to undertake the responsibility for the initial provision of civilian supplies in liberated countries did not indicate a policy with respect to the date of termination of such responsibility. I believe that such a policy should be outlined by the President for the guidance of the Secretary of War.

RECOMMENDATION:

I recommend that you dispatch a letter to the Secretary of War outlining a policy for termination of military responsibility for the provision of civilian supplies in liberated countries.

SECRET

U. S. CIVILIAN PERSONNEL
IN THE FIELD

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SECRET

U. S. CIVILIAN PERSONNEL IN THE FIELD

It is clear that the magnitude of the economic problems now faced and to be faced by this country in Europe is beyond the present numerical capacity of the Foreign Service to handle. Moreover, there is a need for technical and other specially qualified personnel which should move the government to recruit on a basis other than that which has normally been followed by the Foreign Service. For the high ranking personnel, administrative experience, qualities of leadership, sound judgment and broad rather than technical background are, of course, paramount qualifications.

In my opinion, the staffs provided to deal with the economic problems of North West Europe, excepting the United Kingdom, are insufficient in numbers. There is also some evidence that the overall quality should be improved if the interest of the United States in assisting the speedy rehabilitation and reconstruction of these countries is to be effectively represented. The members of my Mission plan to discuss these problems in detail with the responsible officials of their departments. There is every reason to believe that similar problems are being or will be confronted in other European countries.

The need for expanding our establishments abroad with additional trained personnel is an immediate one. Recruiting should be accelerated and additional officers should be coming forward forthwith. Particular emphasis should be laid on the technical knowledge and experience requisite for the post to be filled, on personality, and on a temperament which will permit.

adjustments which are necessary for service away from home. While language facility is obviously desirable, there are many technical assignments for which it is not essential and it is far less important than technical experience.

I further recommend that every effort be made by the Department of State and the other agencies concerned to obtain the cooperation of the War Department in the release for foreign duty of particularly qualified officers experienced in civilian economic problems. Many officers in our Army, for example, have received invaluable training in SWPC Country Missions, G-5 and G-4. With the arrival of VE-Day this source of personnel should be actively exploited by the civilian agencies. The British do this to great advantage even during war time. Unless this source of trained manpower is tapped, it is difficult to see how the large needs currently existing can be satisfactorily filled.

Insofar as the organizational structure of the economic work of our Missions abroad is concerned, I strongly recommend that in every Embassy or Legation the senior economic officer should be jointly designated by the Foreign Economic Administration and the Department of State. He should be granted suitable rank to enable him to perform his duties effectively. Such rank would appear to be in all cases Counselor of Embassy for Economic Affairs. In a few of the most important capitals, the personal rank of Minister should be added as has been done in Paris.

I am clear in my own mind on the desirability of joint designation by the Department of State and the Foreign Economic Administration of the principal economic officer in each Embassy or Legation. In both Paris and Brussels where this arrangement exists it is working very successfully. It is my understanding, nevertheless, that in practice it has been at times difficult for the two departments concerned to arrive at agreement in

Washington on a single designee. The principle has been endorsed by President Roosevelt in his letter of March 20, 1945 to the Secretary of State, a copy of which is attached hereto.

The Counselor mentioned in said letter should be authorized to integrate his organization in whatever fashion will most effectively produce a cohesive unit. In the process he should, of course, have due regard for the exclusive fields of agency or departmental responsibility which exist. He should not, however, be forced by purely jurisdictional consideration emanating from Washington to maintain in water tight compartments the personnel of the individual agencies or departments which come under his general responsibility. It is my impression that jurisdictional loyalties to one's own agency or department tend to blur or disappear in the field.

An essential condition for the success of this organizational pattern is that the individual selected as senior economic officer be a person of stature and experience. He must possess the qualities which inspire respect and confidence. Previous experience in government is desirable though not essential. A thorough indoctrination period in Washington prior to taking up his post, however, is of great importance. He must have administrative talent of a high order, and the presence necessary not only to command the respect and loyalty of those working for him but to impress the officials of the foreign government with whom he will deal. If he does not possess these qualifications, it will prove exceedingly difficult to bring in under him more technical personnel of the calibre which is required.

With the disappearance of purely war time agencies or their absorption by the old-line departments, all of the economic functions now performed by the war agencies will probably be handled in the field by an expanded Foreign Service. The trend in organization in each Mission accordingly should be designed to facilitate

this ultimate transition. These long term peace time considerations, however, should not be permitted to hamper the meeting of immediate and urgent war and post-war economic needs.

In order to attract personnel of the calibre needed for service abroad, higher salaries and allowances will have to be paid than those which currently rule in the Foreign Service. The latter provides, of course, a life time career and has aspects of security which cannot be provided the civilians drawn into the Government service on war time terms. In this same connection, it is my opinion that overall salary increases for the Foreign Service are also required in order to provide insurance that the Government will be able in the future to attract permanent career personnel of a calibre and in numbers adequate to deal with our Government's foreign relations.

The war time additions provided either by agencies other than the Department of State, or provided by the latter through the expansion of the Foreign Service Auxiliary, will play at least for the duration of the emergency an important role in this Government's representation abroad. In order that they should function effectively and their morale be maintained it is important that within each Embassy or Legation they should be accorded recognition and privileges commensurate with their responsibilities. There exist today inequalities between them and Foreign Service Officers which rankle. Among these are inequalities in such matters as the right to draw certain rations or make certain purchases at home through State Department channels, rental and post allowances, which, though small in themselves, are of real importance under war conditions. I recommend that this entire subject be carefully reviewed by the Department of State with the purpose of removing existing inequalities.

Finally, I am impressed with the difficulties under which our Missions abroad labor with respect to lack of sufficient information, particularly of a background character, from Washington. The steps already taken to correct this difficulty should be supported and strengthened.

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

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Letter to the Secretary
on
"U.S. CIVILIAN PERSONNEL IN THE FIELD"

COPY

THE WHITE HOUSE
Washington

March 20, 1945

My dear Mr. Secretary:

Much good work has already been done to assure that the economic personnel of the various government agencies who are stationed abroad work together as a team, but I should like to see this trend carried further. Effective foreign operation demands a centralization in each country of responsibility for the activities of all of our civilian economic representatives.

I realize that it is not often feasible for the chief of mission to take upon himself personally the task of supervising the activities of the economic personnel within his area, and that, in a number of cases, the chiefs of mission have delegated their authority in such matters to principal economic officers. I would like to see the application of this principle extended to the end that the activities abroad of economic personnel of all civilian agencies be supervised in each country by an economic counsellor or, where appropriate, an economic minister -- of course on the payroll of the Department of State.

I shall give you all necessary assistance in the realization of this goal which is of great importance in the effective conduct of our foreign economic relations.

Very sincerely yours,

FRANKLIN D. ROOSEVELT

The Honorable
Edward R. Stettinius, Jr.,
Secretary of State

- 3 -
S. C. R. 13

SECRET

U.S. ECONOMIC POLICY PROGRAM

FOR THE LIBERATED AREAS

Prepared by the Rosenthal Mission
London, England, April 15, 1945.

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U.S. ECONOMIC POLICY MACHINERY FOR THE LIBERATED AREAS

In Tab No. 18, entitled "Existing Machinery for Formulation of Combined U.S.-U.K. Economic and Supply Policy for Liberated Areas," I discuss briefly the composition and method of operation of the Liberated Areas Committee. Its Chairman is an Assistant Secretary of State, and its members are drawn at that level from the Treasury Department, the Foreign Economic Administration and the War and Navy Departments. The Secretary of the Committee is provided by the Department of State.

The Liberated Areas Committee in the past has failed to function as an effective vehicle for the formulation of economic policy in the liberated areas. One important reason for this failure, I believe, has been the fact that in actual practice the Committee has dropped to a level at which most members have been represented by their alternates.

The result has been a loss of prestige, which has reduced the acceptance of the Committee in Washington as the authoritative forum for the development of policies in this field. It has also resulted in the inability of the Committee to dispose without recourse to higher authority of the more important problems which have been brought to it. Furthermore, the Secretariat has been inadequately staffed.

I believe that the Liberated Areas Committee should be supported and strengthened. It should serve as an authoritative policy-making body. It should also serve as the advocate of the liberated countries, charged with the duty of supporting the claims made on their behalf by the Foreign Economic Administration for their

SECRET

supply needs against the competitive claims of all the other claimants. It should give authoritative advice to the foreign economic administration on policy as to the relative priorities between the several liberated countries.

In order to accomplish the foregoing, I recommend the following:

1) The Committee should be maintained at the level of original membership; i.e. Assistant Secretaryship.

2) I believe that the time has come when the status of the representatives of the War and Navy Departments on this Committee might appropriately be reexamined by the Committee. As the period of military responsibility for civilian supplies draws to a close, their interest will gradually disappear.

3) I recommend that the Liberated Areas Committee be provided with a strong Secretariat which would exercise on behalf of the members a general coordinating responsibility. It should not engage in operations.

4) I am impressed, as a result of my own observations, with the importance of providing our missions abroad with prompt and clear instructions from Washington. The Liberated Areas Committee should accept the responsibility for ensuring that policy instructions despatched to the Government's representatives abroad on economic matters represent the coordinated and agreed views of the several departments which may be concerned.

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

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

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EXISTING MACHINERY FOR FORMULATION
OF COMBINED US/UK ECONOMIC
AND SUPPLY POLICIES FOR
LIBERATED AREAS

Prepared by Rosenman Mission
London, England, April 16, 1945

SECRET

INDEX

I. MILITARY MACHINERY

- A. Combined Chiefs of Staff
- B. Combined Civil Affairs Committee
(CCAC)
 - 1. Membership
 - 2. Method of Operation
- C. CCAC(S)
 - 1. Membership
 - 2. Method of Operation

II. CIVILIAN MACHINERY

- A. Combined Liberated Areas Committee
(CLAC)
 - 1. Background for Creation
 - 2. Membership
 - 3. Method of Operation

SECRET

EXISTING MACHINERY FOR FORMULATION OF COMBINED US/UK
ECONOMIC AND SUPPLY POLICIES FOR LIBERATED AREAS

1. MILITARY MACHINERY

A. Combined Chiefs of Staff

The ultimate authority, in the military chain of command, for the formulation of combined policy with respect to military contacts with civilian populations and local governments in liberated areas is the Combined Chiefs of Staff. In practice only questions of the highest policy are passed to the Combined Chiefs of Staff for their personal consideration and decision.

The Combined Chiefs of Staff have created for the purpose of advising them with respect to civilian problems, of interest to the military authorities in liberated areas, a subordinate unit called the Combined Civil Affairs Committee. In those cases where the Combined Chiefs of Staff personally make the decision, they as a rule request recommendation of the Combined Civil Affairs Committee. In a great majority of cases, where no new question of high policy is involved, the Combined Civil Affairs Committee, in the name of the Combined Chiefs of Staff, makes the decision and passes it on to the Theater Commander.

B. Combined Civil Affairs Committee (CCAC)

1. Membership

CCAC consists of the Assistant Secretary of War, who is a civilian, as Chairman, with an American membership made up of a representative of the State Department, a representative of the War Department and a representative of

SECRET

the Navy Department, and a British side consisting of the Commander of the British Army Staff and two British civilians, one representing the Foreign Office and one representing the Ministry of Supply. Observers representing interested United States and British Departments are invited to attend meetings of the Committee when matters of interest to them are under consideration. In addition, the Canadian Army Staff Mission attend meetings of the CCAC at such times as supply matters in which Canada may be concerned are under discussion.

2. Method of Operation

The Combined Chiefs of Staff furnish the CCAC with a combined secretariat which consists of an American Army officer and a British military representative. In practice, the preparation of papers for the consideration of the CCAC is accomplished in the Civil Affairs Division of the War Department on the American side or in the British Army Staff Mission on the British side. Where questions come before the Committee in which the civilian agencies of the American or British Governments are interested, it is the responsibility of the officers in the Civil Affairs Division to coordinate the views of the interested American civilian agencies in the preparation of studies to be submitted for the consideration of the Committee. Similar coordination between military and civilian agencies on the British side is effected in the preparation of British papers for the Committee's consideration.

CCAC concerns itself with all questions of supply, economics, finance and military government with which the combined US/UK military forces may be confronted in the European and Mediterranean Theaters of Operation. With respect to supply questions, this consideration is limited to matters of policy.

SECRET

The detailed day to day operational supply questions which arise are determined in the Supply Subcommittee of the CCAC [CCAC(S)] which acts under the policy guidance of the CCAC.

It was recognized in the original creation of the CCAC that the Civil Affairs activities of the combined military authorities would transcend areas of exclusive military interest and would involve broad questions of national policy as opposed to purely military policy. As a result, it was provided that the Chairman of the Committee should be a civilian, and that the State Department and Foreign Office should be represented in order that guidance from the foreign policy making agencies of both interested governments might be provided continuously.

C. CCAC(S)

1. Membership

The Chairman of the CCAC(S) is the Director of the International Division, Headquarters, Army Service Forces. The International Division is the Staff Division in the Army Service Forces which has the immediate responsibility for supervision of the procurement and distribution of civilian supplies by the Technical Services, e.g. the Quartermaster Corps and the Transportation Corps. The American members consist of the Chief of the Economic and Supply Branch of the Civil Affairs Division, War Department Special Staff, and a Navy officer representing the civil affairs interests of the Navy. The British membership consists of the Chief of the Civil Affairs Branch of the British Army Staff Mission and a representative of the Ministry of Supply. Canada also holds membership on the CCAC(S) as the result of her position as a substantial supplier of goods to liberated areas and as one of the

SECRET

financial underwriters of the liberated areas supply program. Canada's representation is by an Army officer representing the Canadian Army Staff Mission. Civilian agencies of the U.K., U.S., and Canada are represented by observers who attend those meetings where questions in which they are interested are the subject of discussion.

2. Method of Operation

As stated above, CCAC(S) operates under policy guidance from the Combined Civil Affairs Committee. This guidance is provided in the form of formal decisions by CCAC and, on the American side, through the membership on CCAC(S) of an officer from the Civil Affairs Division, War Department, Special Staff. Similar day to day policy guidance on the British side results from the membership of an officer representing the British Army Staff.

The secretariat of CCAC(S) is a combined military secretariat. The American secretary is the Chief of the Civilian Supply Branch, International Division, Headquarters, Army Service Forces. On the British side the secretary is a British Army Officer provided by the British Army Staff.

In actual operation the preparation of papers on the American side is done by the Civilian Supply Branch of the International Division and on the British side by the British Army Staff Mission.

In general terms, the function of the CCAC(S) is (a) to prepare plans covering the civilian supplies required by the military forces for provision in liberated and occupied areas; (b) to receive and screen in the light of the available data statements of civilian supply requirements received from the field and to approve and disapprove them and (c), after consultation with the appropriate supply agencies of the interested governments, to determine and advise the theaters as to the

SECRET

sources from which they may call forward their civilian supplies, i.e. British Empire sources, United States sources, or third country sources.

In conducting its operations, the CCAC(S) is charged with the responsibility of examining the availability of supplies and transportation facilities and for the movement and coordination of the flow of civilian supplies provided by the combined military authorities with similar supplies provided through civilian channels, e.g. the National Import Programs of liberated countries.

II. CIVILIAN MACHINERY

A. Combined Liberated Areas Committee (CLAC)

1. Background for Creation.

In the summer of 1944 it became apparent not only that some measure of coordinated effort on the part of British and American supply agencies would be required in connection with the provision of supplies to liberated areas after termination of military responsibility therefor, but also that there was no machinery in existence by which coordination could be accomplished. As a result, in August 1944 the Combined Liberated Areas Committee was created by agreement of the governments of the United States and the United Kingdom as a forum in which the two governments might consider and decide questions of policy with respect to economic matters of common concern to the two governments arising within liberated areas and falling outside the scope of the Combined Chiefs of Staff. The jurisdiction of the Combined Liberated Areas Committee includes both economic and supply matters arising during the military period of responsibility but which were beyond the area of military

SECRET

responsibility, and the entire field of interest of the British and American Governments in economic and supply matters in liberated areas for the period following termination of military responsibility.

2. Membership

The American membership consists of representatives of the State and Treasury Departments and the Foreign Economic Administration. The State Department is represented by an Assistant Secretary of State who acts as Chairman of the Committee. The British membership consists of representatives of the Foreign Office and the Ministry of Supply and the Commander of the British Army Staff. Neither the War nor the Navy Departments are represented by members or observers in the deliberations of this Committee. It was the view of the Secretaries of War and Navy that the Committee's work was primarily a matter of civilian responsibility and policy and that the military arms of the United States Government should not, as such, participate.

It was recognized, however, that maximum coordination of the work of the Combined Civil Affairs Committee and the Combined Liberated Areas Committee was desirable. Consequently American military and naval personnel have been accredited to the Combined Liberated Areas Committee as observers representing the Combined Civil Affairs Committee.

Representatives of interested civilian agencies of the American and British governments which do not hold membership on the Combined Liberated Areas Committee, attend meetings of the Committee in the status of observers at such times as matters in which their agencies are interested come under discussion.

SECRET

The Secretariat of the Committee is a combined one, with an American secretary provided by the State Department and a British secretary provided by the British Embassy.

3. Method of Operation.

The Combined Liberated Areas Committee to date has failed to function as effectively as it must if the British and ourselves are to pursue consistently a unified policy in handling such economic problems of the liberated areas as require combined action and do not fall within the terms of reference of CCAC. The primary reason for the failure to formulate such policies in timely and effective fashion appears to rest largely on the failure of the American agencies, through the medium of the Liberated Areas Committee, to produce a unified American policy which in turn would provide the basis for discussion and decision with the British. The Liberated Areas Committee has for its membership the CLAC representatives of the State Department, the Foreign Economic Administration and the Treasury Department, with representatives of the War and Navy Departments holding limited membership for the purpose of advising the civilian agencies of the military plans and policies in liberated areas and receiving such suggestions with respect to these plans and policies as the member civilian departments may care to offer.

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

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PROBLEMS RELATING TO THE SUPPLY MACHINERY
AND PROCEDURES IN WASHINGTON

Prepared by the Rosenman Mission
London, England, April 15, 1948

SECRET

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PROBLEMS RELATING TO THE
SUPPLY MACHINERY AND PROCEDURES IN WASHINGTON

Prior to my departure from Washington I discovered, as a result of my background investigations, that considerable confusion and controversy surrounds the procedures whereby the governments of the liberated countries seek to procure supplies from the United States.

The center of the difficulty apparently lies in the uncertain and conflicting jurisdictions of (i) the Foreign Economic Administration; (ii) the national allocating authorities i.e. the War Production Board and the War Food Administration; (iii) the Combined Boards i.e. the Combined Food Board, the Combined Raw Materials Board and the Combined Production and Resources Board; and (iv) UNRRA, in the matter of presenting requirements and determining allocations of available supplies for the liberated areas.

The original intention to lend every assistance to the liberated areas in the allocation and procurement of goods to meet their urgent needs has not been fulfilled. The processing of their requirements through the Washington machinery is clearly more complicated and time-consuming than, for example, the handling of the requirements of Great Britain or Latin America.

One of the complications arises from the position occupied by UNRRA in the field of liberated areas requirements. This is the exercise of UNRRA's responsibility for equitable allocation. I deal with this aspect of the problem in another

SECRET

SECRET

BRITISH WAR CABINET MACHINERY
DEALING WITH SUPPLIES FOR
LIBERATED AREAS.

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

SECRET

INDEX

- I. S. L. A.
- II. S. L. A. O.
- III. The Secretariat.
- IV. Conclusions.
 - (i)
 - (ii)
 - (iii)
 - (iv)

SECRET

SECRET

BETTER WAR CADRETS FACILITY DEALING WITH SUPPLIES
FOR LIBERATED AREAS

In late 1943 the War Cabinet Offices established two Committees to handle interdepartmental problems of supply for the liberated areas.

I. S.I.A. The first of these, the Committee on Supply Questions in Liberated and Conquered Areas, known as the SIA Committee, was established at the ministerial level under the chairmanship of Oliver Lyttelton, Minister of Production, and the vice-chairmanship of Mr. Richard Law, Minister of State in the Foreign Office. The other members are the Ministers of Labour, War Transport, Supply, Aircraft Production, Food, Works; the President of the Board of Trade, the Secretary of State for War and the First Lord of the Admiralty. This Committee considers, and where necessary advises, the War Cabinet on matters of policy and execution concerning supplies to and from liberated areas and conquered territories. It works closely with, and on occasion meets with, the Armistice and Postwar Committee for Liberated Areas and Conquered Territories, which was established at the same time at the ministerial level for the purpose of considering and advising the War Cabinet on questions affecting Armistice terms and their execution, the administration of liberated or conquered territories and general political and military questions in the postwar world.

II. S.I.A.O. Operating directly under the SIA Committee is the Official Committee on Supply Questions in Liberated and Conquered Areas, known as the SIAO Committee. This corresponds to an operating sub-committee in Washington terminology. This Committee, under the chairmanship of a ranking official of the Ministry of Production, is composed of representatives at the operating level

SECRET

SECRET

from the Ministries of Production, Labor, Supply, Aircraft Production, War Transport, Food, Fuel and Power, the Admiralty, the War Office, the Board of Trade, the Treasury and the Foreign Office. The SIAO Committee decides questions concerning the supplies to and from liberated areas and conquered territories affecting more than one department and where necessary submits recommendations to the SIA Committee. It does not duplicate the work of the Departments concerned but is designed to coordinate their activities. It is not concerned with the provision of civilian supplies in liberated areas under military auspices.

III. The Secretariat. The SIA and SIAO Committees are serviced by a strong Secretariat which has developed a staff function as well as the usual functions of preparing and appropriately distributing documents. The Secretariat, which is identical for both Committees, is closely associated with the War Cabinet Secretariat.

The Secretariat functions include the usual work of a Cabinet Committee Secretariat. The Cabinet has directed all departments to send all communications relative to the work of SIA for clearance to the Secretariat and the Secretariat is instructed to give further distribution where necessary. In practice the inter-departmental exchange of information and views is implemented by the daily contact of the Secretariat with the departments. In addition the Secretariat is represented on various departmental and inter-departmental working committees dealing with various phases of the problem.

The foregoing are the usual Secretariat operations in the British Government. In addition the Secretariat for SIA and SIAO has evolved certain staff functions including assisting the responsibility for dealing with order-related problems between liberated areas and investigating inter-departmental functions within the UK which might be of assistance to the liberated areas. The progress for the liberated areas is being closely monitored.

SECRET

The staff of the Secretariat is dually organized on a geographical and functional basis to enable it to deal with the problems arising in the individual liberated countries and also with the commodity problems which cut across geography.

IV. Conclusions. The successful operation of the British machinery in this field can apparently be attributed to the following:-

(i) The ability of the British Government to establish a Cabinet committee to deal with these problems and to maintain its existence at the original level. This ability would appear to flow in part from the fact that London for a variety of reasons is more sensitive than Washington to the political pressures generated by supply difficulties in the liberated countries of Northwest Europe and the further fact that there exists in Great Britain the tradition of collective Cabinet responsibility supported by a trained civil service.

(ii) The device of creating an operating committee directly beneath the Ministerial Committee. This operating committee disposes of a large proportion of the problems which otherwise would move to the Ministerial Committee and ensures that the matters which the Ministerial Committee is called upon to consider are, in fact, matters of high policy.

(iii) The development of a strong secretariat which provides the mechanical service without which no committee can long exist and which in addition eases the work of the committee itself by putting the documents to be considered in proper form and ensuring the full circulation of papers to the several parties at interest.

(iv) The existence of the War Cabinet Office which provides directly under the War Cabinet a coordinating

SECRET

responsibility among all the Ministries and Departments
of the British Government.

In the preparation of this Tab a heavy debt of gratitude
is due a report entitled "War Cabinet Machinery Dealing with
Problems of Liberated and Conquered Territories" by Mr.
Eric H. Middle of the Bureau of the Budget Mission at the
American Embassy in London, dated August 15, 1944 and
revised to April 2, 1945.

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

SECRET

SECRET

UNRRA IN NORTH WEST EUROPE

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

SECRET

INDEX

UNRRA IN NORTH WEST EUROPE

GENERAL BACKGROUND AND OBSERVATIONS

UNRRA IN LONDON

UNRRA FUNCTIONS IN N.W. EUROPE

CURRENT CRITICISMS OF UNRRA

RECOMMENDATIONS

1.
(1)
- (2)
- (3)
- 2.
- 3.
- 4.
- 5.

SECRET

SECRET

UNRRA IN NORTHWEST EUROPE

The role of UNRRA in F.W. Europe in the supply field is negligibly small, and its potentially large role in relation to displaced persons will probably not have a serious supply impact for some time to come.*

Although UNRRA is expected to play a large personnel part in supervising displaced persons' camps, no considerable supply burden is expected to fall on UNRRA in connection with displaced persons in the Allied countries and it will not assume supply responsibility for displaced persons in Germany until it is invited to do so by the military authorities.

GENERAL BACKGROUND AND OBSERVATIONS: A major difficulty in UNRRA's policy formulation and operations has been the lack of definition of its scope and functions.

The decisions at the first Council meeting (Atlantic City, November 1943) were considerably less clear-cut than would have been desirable, and were confused further by an apparent lack of certainty as to the established functions and scope of the Combined Boards.

UNRRA emerged from Atlantic City with a definite and direct responsibility to meet the relief and rehabilitation supply needs of the non-paying countries. There was not, however, and perhaps could not be, a clear delimitation of the field of rehabilitation into which UNRRA was entitled to go.

For the paying countries UNRRA was left with a vague and unsatisfactory obligation to present to the Combined Boards the

* No attempt is made in this report to cover the supply responsibilities or operations of UNRRA in Eastern Europe and the Balkans, or its role in the Far East.

SECRET

over-all requirements for relief and rehabilitation for all areas liberated and to be liberated. It is difficult to see what effective and concrete results can flow from this presentation, and it has in fact served to confuse the picture in the past. More significantly, member governments are obligated to keep UNRRA fully informed of their requirements and programs of intended purchase, and the Director General may present to the Combined Boards such recommendations or objections as he feels necessary to obtain equitable distribution. It has never been determined whether the programs to be submitted to the Director General and on which he may comment are only those which fall within the range of UNRRA's limited relief and rehabilitation responsibility or cover all those involving supplies in which UNRRA has an interest. No clear-cut lines were drawn as to the extent to which UNRRA might or should purchase or secure allocations for all liberated areas in certain types of supplies, dividing up between them at a later stage, and this has been something of a bone of contention.

The other major limitations which were placed on UNRRA at Atlantic City were sharp restrictions on any operation they might carry on in enemy or ex-enemy countries, except in connection with displaced persons of Allied nationality, and the provision that UNRRA could operate in any country only after consultation with and with the consent of the government of the country, and with the consent of the military authorities during the period of military control.

From the outset, the paying countries -- France, Holland, Belgium, Norway -- in varying degrees made it abundantly plain that they did not intend to call upon UNRRA to meet their general supply needs, and that they would not encourage its interference or intervention in their countries. These protestations have on the whole been backed up by later developments but there has also been some

tendency to hedge in the supply field by sounding out UNRRA as to the possibility of getting some supplies at the same time that supply negotiations were being carried on with the U.S. and U.K. military and civilian authorities. Individual national officials have also from time to time expressed their desire for UNRRA supplies or assistance, although their national governments, for prestige or other reasons, have declined to make formal application to UNRRA.

UNRRA IN LONDON: London is the Headquarters for the European Regional Office (E.R.O.) of UNRRA and of the Committee of the Council for Europe (C.C.E.).

The ERO has suffered from the beginning both from administrative inadequacies and divided leadership and from inability at the beginning to secure adequate autonomy from Washington and a clear-cut definition of its functions and responsibilities. It had to go through a very bad early period during which leadership was diffused between three Deputy Directors General -- one American, one British and one Russian -- but this has more recently been somewhat corrected, in part as a result of a visit by Governor Lehman. The tripartite headship still remains, however, as a disturbing and cumbersome piece of machinery. The suggestion is increasingly frequently heard that the ERO should in the near future move its headquarters from London to the Continent.

The present set-up is as follows:

Sir Frederick Leith-Ross (BR) is Deputy Director General for Administration having general responsibility for finance and administration, relations between ERO and CCE, and liaison with the military, the European governments, and voluntary societies.

N. Feonov (USSR) is Deputy Director General for Supplies with general responsibility for the assembly and coordination of requirements, procurement, surplus military supplies, and storage and

shipping facilities. He is ably seconded by R. Herbert (Dr).

E. Khatiger (US) has very recently been appointed Deputy Director General for Operations with particular responsibility for securing integrated operations in the field and in general charge of the Bureau of Areas and the divisions concerned with Displaced Persons, Health and Welfare.

The three Deputy Directors General form an Administrative Council, of which Leith-Ross is Chairman, which has power to decide all matters of general policy.

The CCE is composed of all the European members of UNRRA, plus the United States, Brazil and Canada. It has the function of recommending to the Council the bases for overall requirements for Europe, of generally considering relief and rehabilitation policies in Europe, of advising concerning equitable apportionment of relief and rehabilitation supplies, and assisting in securing the maximum production and interchange of any surplus supplies which can be made available within Europe by promoting appropriate national or inter-governmental action on the part of member governments. In order to perform its functions on the latter score, CCE has expressed a keen interest in the creation of such a body as the proposed European Economic Committee. CCE appears to be taking an active role in connection with UNRRA's operations in Europe and is a useful body for criticism, discussion, and the formulation of policy.

The general trend on the American side, as directed by the State Department in Washington, has been to cut down rather than to enlarge the functions of CCE and its several technical sub-committees both in order to avoid too great a concentration of power here and to free the UNRRA administration from detailed direction by a number of committees. There is some feeling here, however, that CCE must be encouraged to become an even more active forum for

the discussion of UNRRA's European problems and policies if UNRRA is to be effective in Europe.

UNRRA FUNCTIONS IN N.W. EUROPE: In the supply field the basic position is that UNRRA has no clear and direct responsibility for supplies for the paying countries of N.W. Europe. Aside from its overall equitability determination, UNRRA substantially plays a role only in connection with two or three products, notably textiles and shoes, where an original general liberated areas allocation was made to UNRRA which is now being parcelled out to the member countries. Except for this, UNRRA has been almost completely isolated from direct contact with the paying country supply programs and procurement.

Belgium, France, Luxembourg, the Netherlands, and Norway have not to date requested general assistance from UNRRA in the form of supplies, although they have requested personnel for displaced persons, health and welfare. As "paying" countries, they are in a position to submit their supply requirements directly to the Combined Boards and to the national allocating agencies and to initiate procurement through ordinary international commercial channels. The position of Denmark, which is not at present a member of UNRRA, is still undetermined although representatives purporting to speak for Denmark have insisted that Denmark should be regarded as a paying country. Each of the other countries has expressed its willingness to receive a small UNRRA Liaison Mission.

UNRRA activities in North-Western Europe have been greatly limited by the continuation of military operations and the fact that the Military is still in control of all liberated areas with the partial exception of France. During the military period, the provision of relief supplies and services is the responsibility of the Military. Nevertheless, UNRRA has taken steps to cooperate with the Military during the period and a number of UNRRA representatives are

attached in liaison capacities to various military agencies and groups. UNRRA is now associated with the Four Party Committee for Norway and the Military have agreed to UNRRA's participation in the other Four Party Committees when the agreement of the national government concerned has been secured.

A small supply program is, however, in process of development as a result of the endorsement by the UNRRA Central Committee in Washington of a resolution recently passed by CCE calling for the provision of emergency relief supplies and services for special and supplementary relief in certain particularly devastated districts. Such supplies and services, which are assumed to be small in scale and in no way to rival or impinge upon the main supply programs, may be furnished to the so-called paying countries without prior arrangements as to payment, thus opening up a minor breach in the principle that such arrangements must be concluded prior to the delivery of any goods. Here, as in all other matters, it will be necessary to secure the consent of the military, the government concerned, and the shipping authorities.

Prompt action has been taken under this resolution to ship to France a small quantity of welfare supplies for the bombed-out areas of Normandy, and it is hoped that it will soon be possible to start regular shipments to France of fifty tons of food and clothing a week. The food is coming from stocks held for UNRRA by the Ministry of Food and the clothing in large part from collections made by British and American voluntary societies. Supplies are made up according to a list of requests submitted by the French, and they are consigned to the Entr-Aide Francaise. Discussions are proceeding with SHAEF and with Dutch, Luxembourg and Belgian authorities as to the provision of similar relief and welfare supplies for Holland and Belgium. Aid was also furnished to the Norwegians in filling a ship for Finmark, UNRRA releasing ten tons of footwear and arranging

for the provision of 70 tons of clothing from British and Canadian voluntary societies.

The adoption of this program at this time appears to have tactical importance reaching considerably beyond the actual volume of supplies and services probably involved. Criticism of UNRRA has been, and continues to be, widespread, and there is some reason to believe that this demonstration of UNRRA's ability actually to do business in cases of urgent need is already having a good effect, but the good will gained may be speedily lost if pressure is brought for payment of the small cost involved.

Considerable supply activities may lie ahead in connection with displaced persons. For N.W. Europe the displaced persons operations loom up as by far the biggest task which UNRRA is likely to have to undertake although it seems clear that its major responsibilities in this field will be within Germany. The Czechs, the Poles and Yugoslavs have all asked UNRRA to undertake the furnishing of supplies for their displaced nationals in France and UNRRA has released part of its textile allocations to these governments to meet these requests. A proposal has also been made to the French Government by the Director General that UNRRA should furnish supplies to displaced persons in France. No answer has yet been received to this proposal.

The most recent SHAEF estimate of non-French displaced persons in France gives a total of 277,852, of whom 119,000 are Spaniards displaced by the Spanish Civil War and 30,000 are Italians in Southern France. Aside from the Spaniards, the largest national group is the Russians, who number 58,925. UNRRA would be called upon to furnish only those extra imports needed beyond the basic necessities of life which could be furnished in France.

In the preliminary discussions of this proposal difficulties have already arisen concerning the standard of supply; whether, for example, it should include such items as cigars and shaving cream

which are not available to the bulk of the French population themselves. Some food and clothing are already being sent to France by UNRRA for displaced persons.

It has been UNRRA's assumption, based on Council resolutions and a specific request from SHAEF, that it would have a large measure of responsibility in Germany for Allied displaced persons, for stateless persons, and for persons who have been persecuted for their aid to the Allied cause or for racial, religious, or political reasons. This responsibility would be, at first, as agent for SHAEF - so long as military operations were in progress. SHAEF has requested UNRRA to furnish 450 teams to handle displaced persons there as the agents for the military authorities and recruitment is now, somewhat slowly, under way for this purpose. SHAEF has also requested 300 additional teams. UNRRA is expected to furnish its own "housekeeping" equipment for these teams, and has run into very great difficulty in securing the 1300 trucks which are required. Despite SHAEF backing, substantially the only trucks which UNRRA has been able to secure are British reconditioned ones which have proved almost totally unusable.

Aside from these limited requirements UNRRA has at the present time no supply responsibility (as distinguished from personnel responsibility) for displaced persons, etc., in Germany. UNRRA officials handling the displaced persons problem, however, fear that the military requirements in this sphere will prove inadequate, and that UNRRA will therefore be under strong pressure from its member governments to make supplementary supplies available to their nationals.

At the request of the military authorities, UNRRA may be called upon finally to take responsibility, as principal and not as agent, for any part or all of the displaced persons work in Germany, including the financing and handling of the entire supply burden.

Recent agreements between certain of the Powers concerning the care and repatriation of their nationals may seriously cut across UNHRA's expectations, and it is probable other countries will seek similar special treatment.

A slightly longer range problem is presented by the necessity of securing agreement between UNHRA and the Inter-governmental Committee on Refugees as to the future handling of the complex and delicate issues involved in the disposition and resettlement of stateless persons and others who either do not wish to return or cannot be returned to their countries of origin or cannot be assimilated in the country in which they are living. Neither this problem nor many of the controversial issues which have arisen between the military authorities and UNHRA in connection with displaced persons have as yet come to a satisfactory conclusion.

UNHRA has at the present time a small mission attached to the French government for general liaison purposes and for recruitment, and has also attached a number of people to SHAEP primarily for work in the displaced persons field.

The ERO has responsibility for procurement in the U.K. and feels that it is making reasonable headway on this score. The ERO has also carried on discussions with Sweden primarily looking toward supplies for Czechoslovakia and Poland, and has also held preliminary conversations with the French and the Czechs concerning the possibility of furnishing these countries with cotton and wool to be made up into textiles for use by UNHRA. A proposal for the shipment under UNHRA auspices of 50,000 tons of phosphate rock from Russia to Belgium for the manufacture of super phosphate has been under discussion for some time.

Some minor welfare and health activities have also been undertaken, or are contemplated, by UNHRA for N.W. Europe and experts in different fields within this general domain have been sent to the continent.

CURRENT CRITICISMS OF UNRRA:

There is a very widespread feeling in N.W. Europe that UNRRA has failed to meet the expectations which were held for it after Atlantic City. It is accused of being ineffective, over-cautious, uncertain and legalistic. It is charged with having kept a reasonably clean record on paper but of insisting on tying down its offers with demands for safeguards and guarantees which in effect made the offers useless. It is also felt that its personnel has been gravely inadequate to the large tasks which it had before it.

The net result is unquestionably that UNRRA is regarded with great disappointment in some quarters and that for N.W. Europe, with the exception of some displaced persons work, its probable role will be negligible.

Clearly this failure of UNRRA is in some measure attributed to a lack of really whole-hearted and effective backing by the U.S. and U.K., who have been its principal sponsors, although in other quarters the charge is occasionally made that UNRRA is an Anglo-American instrument being used for commercial and other purposes.

To come to a just evaluation, however, it is essential to remember the very serious handicaps and limitations which were imposed on UNRRA from the outset. Given the restrictions imposed on it from the time of Atlantic City on, and the obvious disinclination of France and the other paying countries to make much use of UNRRA, it is doubtful whether even the best personnel could have done more than has been done.

UNRRA is wholly dependent on its member governments for supplies and for shipping; and, besides, in the early stages of operations in liberated areas themselves, it is wholly dependent on the good will and support of the military authorities.

UNRRA officials feel strongly that in a number of cases their genuine and legitimate offers of assistance have been stalled

or ignored by both the civil and the military authorities and that they have in many cases been given a runaround which has stultified their activities. As in the case of the League of Nations and other international bodies, UNRRA cannot move far beyond what its principal member governments are prepared to back, and accusations made against the UNRRA administration should frequently be directed more properly against the member governments behind UNRRA.

Even in the field of personnel UNRRA must largely rely on the willingness of governments to make good people available to it. It should also be noted that UNRRA is always subject to being circumvented or under-cut by particular agreements between the Powers which place on a bilateral basis matters which they have in principle agreed to leave within UNRRA's domain.

Perhaps the major question now confronting UNRRA is whether it should still seek to realize in whole or part the large ambitions originally held out for it or whether it should cut down its principal European operations to a concentration on supply matters for Eastern Europe and the Balkans and on such of the displaced persons problems as remain to it in N.W. Europe. UNRRA is in very large measure the child of the U.S. and U.K.

It is essential at this critical phase of UNRRA's existence that we should come to a clear determination as to the role which we believe UNRRA should play, and back up that determination not only by laudatory speeches but by providing top personnel, shipping, and supplies.

RECOMMENDATIONS

1. It does not appear that UNRRA has, in the actual situation confronting it, been able to make effective use of its right to make recommendations concerning equitable distribution of supplies to liberated areas, and the submission of the supply programs of the

paying governments to UNRRA has become largely a formality.

Three courses in this situation are possible: (1) to attempt to build UNRRA up into a general liberated areas allocating authority; (2) to take formal action; perhaps at the next Council meeting, to exclude UNRRA from the allocating and supply procedures for other countries than its own direct non-paying clients; or (3) to continue on the present course.

The first of these alternatives would be exceedingly difficult to put into operation at this time, and I do not believe that it would be attainable even if it were desirable.

The second alternative would inevitably rouse very serious international discussions, and in all probability enhance the suspicion that the U. S. wished to manipulate the distribution of relief supplies for its own purposes.

I therefore recommend that the third alternative be adopted on the assumption that UNRRA's present activities in this sphere are not sufficiently complicating or delaying in character to justify serious efforts to remove them.

On the other hand, it must be recognized by the U.S. that UNRRA cannot be counted upon as the agency effectively to secure equitable allocation and distribution of commodities in short supply as between the different liberated areas.

2. One of the greatest difficulties confronting UNRRA from the outset has been the recruitment of top flight personnel competent to meet the grave problems which confront it. Every assistance should be given to UNRRA in its efforts to secure the necessary executive and technical personnel. At the close of the European war it should be possible to give UNRRA considerable assistance in this sphere through the release to it of persons now engaged in the Armed Forces or in civilian war work.

3. The displaced persons problem is one which is peculiarly

international in character and it is eminently appropriate that 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.

4. As the war in Europe draws to a close, UNRRA's needs will constantly grow. It is essential that adequate provision be made to meet those needs in the general supply, transport and shipping fields.

5. While UNRRA should clearly not be regarded as in any sense a major source of supply for the countries in N.W. Europe, the emergency relief programs on which it has recently embarked deserve the support of the allocating and shipping authorities and should be encouraged. These programs, intended only to meet special situations of distress in particularly devastated areas, are of very small diversions.

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

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THE EUROPEAN ECONOMIC COMMITTEE

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

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THE EUROPEAN ECONOMIC COMMITTEE

The coordination of European requirements and supplies in relation to world shortages of critical materials and transport during the transition and post-military period has engaged the attention of the United States agencies for a considerable time.

In August 1944, the British presented a memorandum to the State Department in which the establishment of a European Economic Committee was recommended as a means of dealing most effectively with the supply and economic problems which will arise upon the cessation of hostilities. It was suggested that in addition to the Anglo-American supply machinery an organization representative of the European Allies (and possibly the Neutrals), was necessary to coordinate rehabilitation and reconstruction policies of the liberated areas each with the other and with the overseas supply availabilities. It would be the specific purpose of such an organization to bring about the maximum utilization of internal European resources and thus minimize the demands for imports from overseas.

In a memorandum transmitted to the British and Russians concurrently in September 1944, the U. S. agreed with the British as to the desirability of establishing such an organization to act as a clearing house on information, and to secure the maximum participation by the liberated countries in the utilization of European indigenous resources and supplies. The U. S. has taken the position

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that such an organization should be informal and flexible and have advisory but not executive and administrative functions, and that it be composed of the U.S., U.K., U.S.S.R. and the European Allies.

The need for some such coordinating body became increasingly obvious as military operations progressed, and as larger portions of Europe were liberated from German control and domination.

The military emphasized this need when on January 5, 1945, the Combined Civil Affairs Committee submitted to the Combined Chiefs of Staff for approval a draft of a message to be sent to the State Department and the Foreign Office, requesting information as to what action should be taken to assure a fair apportionment of indigenous supplies in North West Europe among the liberated areas. It was pointed out that SHAEF responsibility was limited to relief arrangements.

It was agreed between the U.S., U.K., U.S.S.R. and the French that preliminary discussions should be held in London between the representatives of these four Governments to consider the establishment of the European Economic Committee. Meetings were begun in London on March 1, and they are still continuing. Sub-committees were designated to draw up statements on the principal problems and make suggestions as to how these problems should be met.

These Committees, after examining the problems of existing machinery dealing with imports from overseas, mobilization of resources available within the consumer countries, exchange of goods between European countries, and the interchange of information, concluded that the need for

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some overall coordinating body was manifest; that such a body could serve as a general center for the exchange of information and the ironing out of grievances and differences; that it could assist in stimulating the production of essential goods and raw materials in the countries of Europe; that it could foster the maximum volume of trade and so diminish the demands for help from outside Europe; and could assist in harmonizing the distribution of goods within Europe with the distribution of imports from outside.

It was recommended that a consultative and administrative body to be known as the European Economic Committee be established with the following terms of reference:

"To provide a forum for discussion and interchange of information and for the formulation of recommendations with respect to:

- (a) economic questions arising in Europe during the last part of the European war and the transitional period immediately following, and
- (b) such questions of reconstruction policy and longer term development of which account must be taken in considering the matter covered by (a)."

After presentation of this paper the Soviet Delegation, on instruction, declared that it did not consider the reasons for the creation of the European Economic Committee sufficient to warrant its establishment and that it appeared to cut across the San Francisco meeting. Discussions are now proceeding, therefore, between the U.S., the U.K. and France, with a view to the

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possible establishment of an Economic Committee for Europe with those allied countries which may wish to participate.

CONCLUSION AND RECOMMENDATION

There is a basic and an essential need for the maximum utilization of the internal supply resources of Europe. This cannot effectively be accomplished without some inter-governmental machinery such as the suggested European Economic Committee. Such a committee would serve to assist materially in dealing with the immediately urgent supply problems and should also pave the way for a later European economic organization. It will also have the advantage, from a strictly American viewpoint, of giving us a regional center in Europe for at least preliminary examination on the spot of supply problems affecting more than a single European country.

I strongly recommend, therefore, that every effort be made by our Government to bring about the establishment of the European Economic Committee and, if the Russians are unwilling to participate, as a member, that we urge the establishment of such a committee together with the appropriate governments which may wish to participate and that the Russians be invited to participate as an observer.

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

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EUROPEAN CENTRAL
INLAND TRANSPORT ORGANIZATION

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

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EUROPEAN CENTRAL INLAND TRANSPORT ORGANIZATION

Proposals for the establishment of a European (Central) Inland Transport Organization go back to the work of the Inter-Allied Technical Advisory Committee on Inland Transport established in November 1942 as one of the technical advisory committees of the Inter-Allied Committee on Post-War Requirements (Lieth-Ross).

In April 1944 the British Government presented the text of a "Provisional Draft Agreement for European Inland Transport Organization." In May and June 1944 representatives of the U.S. and U.K. met in London to discuss problems of the organization and rehabilitation of inland transport in Europe after liberation. In October a conference was held with other European Allies.

As a result of these and subsequent discussions an acceptable draft agreement has been produced. The principal difficulty in reaching agreement related to the powers the organization was to possess - whether it was to be an executive and administrative body, a position favored by the U.S., U.K. and Continental governments, or a purely coordinating and consultative body as advocated by the Soviet delegation. The last agreed draft adopted the Soviet proposal.

At the present time the obstacle to the actual establishment of ECITO is the Soviet insistence that the Lublin government represent Poland, and U.S. and U.K. refusal to accept such representation. Discussions are under way looking toward the establishment of an emergency inland transport organization for at least Northwest Europe.

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The principal provisions of the latest version of the draft agreement for ECITO include the following:

1. The Organization is to be composed of a council, on which all member governments are represented, and an Executive Board with representatives of the U.S., U.K., U.S.S.R., France and three additional members appointed by the Council. The Council is to determine broad policies and review the activities of the Executive Board. The latter shall delegate to a chief officer the direction of technical and administrative work, subject to its supervision. This officer shall appoint the necessary staff at headquarters and regional offices.

The Organization has power to own property, enter into contracts and undertake obligations. It shall not have power to own transport equipment and material.
2. The Organization would operate in areas of Continental Europe as soon as the member government concerned becomes the effective authority, and upon approval by the Allied Commander-in-Chief. It would deal with occupation authorities in enemy countries.
3. The functions of the Organization relates to all forms of transport by road, railroad, waterway or pipeline, but exclude sea-going shipping and aviation.
4. The major functions are:

 - a) To provide for the coordination of the control of traffic and the allocation of transport equipment and material with a view to

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ensuring the rapid movement of supplies both for military forces and the civil population and the speedy repatriation of displaced persons and the resumption of normal traffic movement.

- b) To carry out studies of technical and economic conditions of transport and give to governments concerned technical advice and recommendations directed to restoring and increasing the carrying capacity of the Continental transport system and coordinating the movement of traffic of common concern.
 - c) To receive and collect relevant information.
 - d) To assist and advise member governments in the realization of their requirements, and the allocation, distribution and restoration of equipment and material.
 - e) To coordinate European transport and in that connection cooperate with other appropriate authorities and agencies.
2. The member governments agree to cooperate fully with the Organization, and, in particular, to provide essential information and to facilitate the restoration of equipment found within their territories and belonging to other member governments.
 6. The Organization shall be related to any overall international organization.
 7. The present is to remain in force for two years; thereafter provision is made for withdrawal.

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CONCLUSION AND RECOMMENDATION

There is an urgent need for the establishment of an inter-governmental inland transportation organization in Europe. This need is recognized and emphasized by the military and civilian officials directly concerned with the critical problem of transport within Europe. I recommend, therefore, that even without Russian agreement to the European (Central) Inland Transport Organization our Government strongly support the establishment at the earliest moment of a provisional internal transport organization for at least Northwest Europe and that Russia be invited to participate as an observer.

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

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THE UNITED MARITIME AUTHORITY

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

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THE UNITED MARITIME AUTHORITY

A substantial portion of the present allied shipping pool consists of ships owned by the Dutch and the Norwegians. These are presently available for the common war effort under charters from those governments which expire upon conclusion of the war against Germany. It was recognized well over a year ago that, in order to carry on successfully the Japanese war and to meet the needs of liberated Europe, it was of vital importance to take some action to assure the continued availability at the conclusion of the European war of all the tonnage in the present allied shipping pool.

A conference was held in London in July 1944 to consider proposals which were made by the British and Americans to continue the shipping pool. Canada, Belgium, Greece, Norway, Holland, Poland, France, U.S. and U.K. were represented.

All of the participants with the exception of France accepted the Anglo-American proposal for the formation of the United Maritime Authority. France, although in agreement with the purposes and terms of the agreement reached, deferred her accession for some time, but has now unreservedly acceded to the agreement.

The agreement as finally adopted contains the following main provisions:

- 1) Acceptance by the participating governments of a common responsibility to provide shipping necessary for the prosecution of the war against Japan, and for supply of the liberated areas and of the United Nations generally.
- ii) Continuance of governmental control of the various fleets in the pool through the mechanism of requisitioning.

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- 111) Employment of ships without regard to financial consideration.

The United Maritime Authority is to come into effect at the end of the war against Germany, and it will last until six months after the cessation of general hostilities in Europe or the Far East, whichever date is later.

The central authority of UMA will consist of a council, to be known as the United Maritime Council, and an executive board, to be known as the United Maritime Executive Board.

All participating governments will be represented on the council. The main function of the council will be the interchange of views on matters of general shipping policy. It will have no executive functions.

The executive board is to be made up of representatives of the U.K., the U.S., the Netherlands, Norway and France. Other contracting governments will be associate members of UMEB, and must be consulted on all matters affecting the use of their ships or their requirements for ships.

UMEB will be the working organ of UMA and will take action on the continuing problems in the shipping field.

Subject to the authority of UMEB there will be a number of operating sub-committees under the executive board which will handle specific problems. The most important of these committees is the Shipping Employment Policy Committee (SEPC), which will determine programming and allocation of dry cargo vessels. A similar committee will be set up for tanker allocations.

The first meeting of the Executive Board was held in Washington in November 1944 and the second meeting was held in London in March 1945.

SECRET

Work has already been started in establishing some of the operating sub-committees, and the SEPCs in London and Washington have held meetings. In addition, considerable work has been done in collecting information for those allies who are not familiar with the operation of the present shipping controls.

It is not intended to dissolve the Combined Shipping Adjustment Board after the establishment of UNA. The CSAB will continue as a policy forming body for the U.K. and U.S. The British Ministry of War Transport and the War Shipping Administration will thus be in a position to present a united front in the world shipping picture.

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London, England, April 15, 1945

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PRELIMINARY ESTIMATES ON COSTS
OF RECONSTRUCTION IN LIEU OF PATENTS

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

SECRET

SECRET

INDEX

- I. FRANCE
- II. BELGIUM
- III. NORWAY
- IV. NETHERLANDS AND DENMARK

SECRET

SECRET

MILITARY ESTIMATES OF COSTS OF RECONSTRUCTION
IN LIBERATED NATIONS

Information on the destruction occasioned by the war in Continental Western European countries either in quantitative or value terms and the probable costs of reconstruction is fragmentary and highly tentative in character. It is even less complete and reliable on the depreciation of capital assets through the lack of repairs and replacement, and on the depletion of normal reserves of food, raw materials, semi-manufactured and finished products.

This lack of information is easily understandable. Destruction in nations only partially liberated cannot be closely estimated, as the Governments in Exile are handicapped in communications with their home sources of data. Destruction in many other instances, such as that which has resulted from the Ardennes offensive and the flying bombs, is too recent to permit assessment or formulation of reliable estimates in value terms.

Despite these considerations and the fact that other problems are more immediate and more urgent, certain preliminary computations have been made on the extent of destruction and the cost of reconstruction. These estimates give some general indication of the magnitude of the reconstruction and rehabilitation task which faces the various nations.

FRANCE

The responsibility for assessing destruction and determining the cost of reconstruction has been divided between the Ministry of Reconstruction and Urbanism and the Ministry of Transportation and Public Works. Each of these Ministries has presented data to the Consultative Assembly of the Provisional French Government.

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Preliminary estimates of the cost of reconstruction, based in each instance on replacement cost rather than value at the time of destruction, indicate that the reconstruction of both public and private property will require an expenditure of about 1500 billion francs.

This estimate does not include the cost of bringing the merchant marine back to its former tonnage level, nor the cost of repairing the damage inflicted in recently liberated areas. Translation of this estimate into dollars at the official rate of exchange (franc = 2 cents) would be misleading as the franc is greatly over-valued in terms of relative purchasing power. Although destruction is substantially greater than after the first World War, nevertheless, the preliminary estimate of 1500 billion francs for reconstruction seems too high.

The data presented to the Consultative Assembly gives the cost of reconstruction on the basis of the following classification:

SECRET

<u>Item</u>	<u>Cost of Reconstruction (In billions of francs)</u>
1. Railroads	100.0
2. Other public works	150.0
3. Highways	10.0
4. Temporary Housing	30.0
5. Reconstruction of agricultural enterprises, replacement of industrial equipment and stocks	200.0
6. Reconstruction of industrial buildings	100.0
7. Reconstruction of dwellings	900.0
8. Excavation and leveling of ground	36.0
9. Removal of mines	10.0

In terms of units the following were reported as damaged or destroyed: 40,000 farms; 1,200,000 habitations; 140,000 industrial buildings. According to some estimates approximately 20% of the buildings were completely destroyed and 80% partially destroyed. Other estimates have placed the number of homes destroyed or damaged at between 700,000 and 1,000,000. In the first World War only 300,000 dwellings were subjected to damage or destruction.

BEIJING:

A preliminary estimate has been made by the Belgian Government on the total cost of the German occupation. This estimate is 232 billion francs. The breakdown of this figure is as follows: --

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1) Issuance of Belgian Francs for German Occupation Marks	4 Billion Francs
2) Occupation Costs	73 " "
3) German clearing amount (handled through the Banque d'Emission; balance in favor of Germany between exports and imports during the occupation period)	63 " "
4) Other German requisitions	5 " "
5) Estimated value of material and equipment taken from the Belgian Army (NOTE: The Minister of Finance said that, in his own opinion, this figure should be reduced to 15 billion francs)	30 " "
6) Destruction	37 " "
7) Other damages - wear and tear on productive facilities, not including obsolescence	20 " "
	<hr/>
TOTAL	232 " "

These data, while far from conclusive, give some indication as to the costs of reconstruction and rehabilitation.

For instance, the balance due on the German clearing account of 63 billion francs or approximately \$1,435,000,000 at the present official rate of exchange (franc = 2.28 cents) gives some idea of the net outward flow of goods from Belgium to Germany in the occupation period, and the consequent dearth of raw materials, semi-manufactured and finished products in Belgium at the present time. *

The figure on destruction of 37 billion francs, computed on the basis of replacement cost, or the equivalent of about \$845,600,000 at the official rate of exchange does not include the destruction caused by the Ardennes offensive or the flying bombs which fell on Antwerp and Brussels.

The figure given on other damages - wear and tear on productive facilities - of 20 billion francs or the equivalent of about \$455,000,000 must of necessity be provisional and subject to considerable error.

* It should be observed that the official rate of exchange over-values the franc and thus on the basis of relative purchasing power in the two countries, the dollar equivalents are over-stated, perhaps considerably so.

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An estimate for obsolescence was not included, but may also be considered a part of the reconstruction cost.

Under reasonably normal supply conditions, the conclusion seems warranted that the task of reconstruction and replacement and repair in Belgium is not an unmanageable one; and that it can be accomplished probably with less difficulty than in France or the Netherlands. General information available and personal observation of the physical destruction of ports, railways, manufacturing industries and other economic facilities supports this tentative conclusion.

NORWAY

Although Norway is still not liberated, an attempt has been made by the Government through the statistical department of the Norwegian Shipping and Trade Mission, to determine the cost of reconstruction and rehabilitation and, also, the requirements from abroad to attain these objectives.

Evidently the Government in Exile has maintained close contact with officials in Norway, and has been able to keep currently abreast of the economic situation. The study by the Trade Mission is dated as of October 31, 1944 although much of the data included is as of March 1, 1944 - that is, after four years of occupation. However, according to Norwegian officials, the economic situation indicated by the data in the report has not changed appreciably until very recently.

The study makes no assumptions as to further physical destruction of capital assets. Rather it presents a statistical picture of the estimated cost of reconstruction in terms of requirements from abroad as of October 31, 1944. The study, in all probability, will subsequently be revised on the basis of conditions found at the time of liberation.

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It was estimated that the net reduction of capital assets other than shipping tonnage during the first four years of occupation was 3,700 million kroner based on 1938 values. This, in terms of dollars at the average exchange rate in 1938 would be equivalent to approximately \$910,000,000 (kroner = 24.57 cents).

Estimates of foreign exchange requirements for reconstruction and rehabilitation, including those for capital goods are as follows:-

	Post-war U.K. Price Index 150, 1938 = 100 (000,000 omitted)
A. Tonnage replacement	69.0
B. Replacement of other capital goods	45.4
C. Stocks for industry and commerce	22.5
D. Restoration of consumption capital	15.0
E. Deficit, first half year, not already covered	5.0
F. Deficit, following year	29.0
G. Further deficit of shipping income	43.0

Total \$-228.9 mill.

This figure of \$228.9 million at the current exchange rate is the equivalent of approximately \$920,000,000. It will be observed that these estimates are based on an estimated U.K. Price Index of 150 with 1938 as a base. Certain of the estimates require brief explanation, for instance, the one on tonnage replacement.

It was estimated that net losses of Norway's merchant fleet as of March 1, 1944, amounted to 1.8 million g.r.t. (gross rated tons). The ageing of the fleet and the extraordinary wear make it probable that 0.55 million g.r.t. of the remaining fleet will have to be replaced as soon as relatively normal conditions return. If one-half of the fleet left in occupied Norway at the time of occupation will likewise have to be replaced, 1.4 million g.r.t. would have to be added to the other estimates making a total of 2.75 million g.r.t. It was estimated that the

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cost of replacement of this tonnage would amount to \$63 million but \$24 million was deducted on the basis that at the end of the replacement period the fleet would be considerably younger than in 1939. Thus the figure of \$69 million was arrived at as an estimate of the cost of tonnage replacement.

The figure of \$43 million for "further deficit of shipping income" was arrived at through calculating the exchange income derived from a constant fleet of 1939 size. On the assumption that the fleet is rebuilt evenly over an eight-year period exchange income will be considerably reduced in the interim below its normal level. As this income will not be forthcoming in the usual amounts the deficit is calculated and added to other estimates of foreign exchange requirements.

NETHERLANDS AND DENMARK

No specific estimates of the costs of reconstruction have been made available by the Netherlands or Denmark Governments.

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REPORT OF MILITARY TROOP PROGRAM

IN SUPPORT MILITARY PROCUREMENT

IN THE FIELD

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

SECRET

SECRET

INDEX

- I. General Plan of Operations.
- II. Volume of Procurement to Date.
 - A. France.
 - B. Belgium.
 - C. Netherlands.
- III. Future Military Import Program for Military Production on
the Continent.
 - A. France.
 - B. Belgium.
 - C. Netherlands.

SECRET

SECRET

REPORT ON MILITARY IMPORT PROGRAM
TO SUPPORT MILITARY PROCUREMENT
IN THE FIELD.

I. General Plan of Operations.

The procurement of the United States Army in North-west Europe is coordinated by the Office of the General Purchasing Agent, a staff unit of Headquarters Communications Zone, U. S. Army. Similar procurement for British forces in the same area is coordinated by a mission representing the British Ministry of Supply. The office of the General Purchasing Agent and the British Ministry of Supply Mission each has its principal office in Paris. The two agencies work closely together in order to coordinate their procurement plans and avoid duplication.

The procurement carried on by the office of the General Purchasing Agent is of two types, i.e. headquarters procurement and field procurement. Headquarters procurement includes the procurement accomplished through national governmental channels, while field procurement covers spot procurement accomplished by purchasing and contract officers in the field. The field procurement ordinarily is of the emergency type and individual purchases are in relatively small amounts. Such procurement is from existing inventories and does not contemplate any manufacturing or processing to carry it out. The headquarters procurement is in substantially larger amounts than the field procurement and contemplates comparatively long range production programs involving the processing of raw

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SECRET

materials into the finished goods desired.

In accomplishing the headquarters procurement, the Office of the General Purchasing Agent negotiates with national authorities in order to agree upon the magnitude of the production program and availability of production facilities, and the necessity or non-necessity of the import of raw materials or maintenance items to permit the manufacturing process to go forward.

II. Volume of Procurement to Date.

A. France.

No detailed figures as to the magnitude of British Army procurement in France were made available to me. The General Purchasing Agent of the United States Army advised that he was unable to give me final dollar valuations of the United States Army procurement in France. This procurement has been obtained almost entirely as reciprocal aid, the valuation of which must ultimately be furnished by the French Government, which has not yet perfected an accounting system to furnish such valuation. However, the General Purchasing Agent estimates that the procurement by the United States forces in France up to March 1, 1945, aggregated \$275,000,000 in value. Of this amount, \$105,000,000 represents the value of labor, transportation, telegraph and telephone use, rentals and similar services. \$170,000,000 represents the value of the procurement of tangible goods. Of this latter amount \$60,000,000 represents the value of goods procured in the field, while \$110,000,000 represents the value of goods procured through the Headquarters of the GPA.

SECRET

B. Belgium.

Whereas in France the great proportion of military procurement has been for the benefit of the United States Army, in Belgium the larger proportion of military procurement has been for British forces, by the British Ministry of Supply Mission. Up to the end of February 1945, the total of actual disbursements and firm commitments assumed by the Belgian Government for the United States and British Forces was approximately \$120,000,000. Of this total, approximately 40% was expended for the United States forces and 60% for the account of British and Canadian forces. Of the \$120,000,000, approximately \$48,000,000 represents the value of goods and \$72,000,000 represents the value of services.

C. Netherlands.

No substantial procurement for Allied Forces has been accomplished or planned in the Netherlands to date. The General Purchasing Agent, United States Army, states that any comprehensive procurement program in the Netherlands must await liberation of the presently occupied area and thereafter a determination of the Netherlands' capacity to provide goods required by the armies.

III. Future Military Import Program for Military Production on the Continent.

A. France.

Early in 1945 critical shortages had developed in the supply program carried on in the United States to support our forces. Illustrative of these shortages was the inability of the Army to secure from United States production its requirements of cotton duck and motor vehicle tires.

SECRET

As a result of the situation prevailing in the United States, the General Purchasing Agent made a survey of the production facilities in liberated Europe with the view to importing from the United States raw materials and utilizing idle industrial plants and manpower in France and Belgium for their processing. By the end of January 1945 the General Purchasing Agent had developed a procurement program for France which contemplated the production over a twelve months period, of goods valued slightly in excess of one billion dollars. It was estimated that French industrial capacity could cope with such a program so far as plant and labor were concerned.

The chief factors militating against implementation of a program of such magnitude were: trans-oceanic shipment, internal transport in France and the availability of coal. It was estimated by the General Purchasing Agent that production of the planned program would consume one hundred thousand tons of coal a month. The Provisional French Government estimated that the coal required would average one hundred twenty-five thousand tons per month.

The Army contemplated implementing the General Purchasing Agent's procurement program by the importation of raw materials from the United States. It was expected that the tonnage involved would be somewhere in the neighborhood of five hundred thousand tons. At the time my Mission left Washington there was substantial apprehension in some circles that the military import program to support the General Purchasing Agent's procurement plans would cut

SECRET

across and complicate the National Import program being planned by the Provisional French Government. Moreover, representatives of the Provisional French Government were very anxious to control all imports of raw materials into France. Agitation was then current to bring pressure upon the Army to consolidate its military import program for France with the French National program and thereby have one unified program under the control of the Provisional French Government rather than two import programs under divided control.

Developments on the continent after the arrival of my Mission have largely dissipated any apprehension which previously existed with respect to conflicts between the military import program and the French National program. The extreme shortage of coal which has developed in Northwest Europe will prevent implementation by the General Purchasing Agent of his procurement program in France on anything like the scale originally planned. As a result the military import program will be of no substantial significance as a competitor to the French National import program.

In conversation with members of my Mission early in April 1945, the General Purchasing Agent stated that, after examination and re-examination of the coal situation, the French Government had concluded that it could allocate no French produced coal to production in support of the General Purchasing Agent's procurement program. Although it is possible that this decision may be modified in some degree, it was the view of the General Purchasing Agent that

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for practical purposes the decision was a final one. As a result of this decision, any substantial procurement by the United States Army in France which requires production or processing will be dependent upon the import of coal. As I pointed out in detail in my report on the coal situation, any such imports would have to come from the U.S. or Germany. The General Purchasing Agent is of the view that production in France supported by the implementation of coal from the United States is not economical. Moreover, the French production was primarily planned to support United States troops engaged in operations in Europe. The present progress of the war indicates that a production program of the size originally planned will probably not be necessary to support American forces in Europe.

As a result of these various factors it is my judgment that the military import program to support French production will no longer significantly affect the French National Import Program.

B. Belgium.

The General purchasing agent and the British Ministry of Supply Mission have both done a great deal of planning to accomplish military production in Belgium. This planning has been coordinated in detail with the Belgian Government. However, to date, the extent of a definite program for further military production in Belgium has neither been determined by the United States Army nor accepted by the Belgian Government. Moreover, the extent to which exports of raw material will be made by the United

SECRET

States Army from the United States to support Belgian production is still under consideration in Washington. The General Purchasing Agent has also advised members of my Mission that the rapidity with which the operations in Germany seem to be drawing to a climax will require substantial re-examination of the plans which were to have been made for Belgian production.

As a result of the factors listed, it is not possible to appraise with any accuracy the extent to which, if any, the United States Army will import raw materials into Belgium in support of a military production program.

C. Netherlands.

No comprehensive program for military procurement has as yet been formulated for the Netherlands. In view of the current military situation, it appears quite doubtful that any such program requiring military import of substantial quantities of raw materials will be formulated.

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

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