

● PSF

State Dept.: Welles

Jan. - May 1941

file
confidential

THE WHITE HOUSE
WASHINGTON

Summer - To work with
Person - Allen - on the
Country House

Item - To tell Person or
Allen they are doing a
discrimination

3 list in a quick way.

- a. Walker to me on about
the loss of Spain
- b. The bills on my desk.
- c. The Water - Speaker story

PSF: Welles

THE WHITE HOUSE
WASHINGTON

January 9, 1941

MEMORANDUM FOR THE SECRETARY OF STATE *welles*
and THE UNDER SECRETARY OF STATE:

Hopkins telephoned in confirmation of this. Pell prefers Hungary to Egypt. Therefore, put it through the original way.

F.D.R.

Referring to confidential dispatch from Pell, Lisbon, dated Jan. 8, 1941 For the President and Hull from Hopkins "Confirming our telephone conversation Pell very much prefers Hungary and he would appreciate early confirmation of that".

PSF: Welles

THE WHITE HOUSE
WASHINGTON

January 9, 1941

MEMORANDUM FOR SUMNER WELLES:

~~Confidential~~

For preparation of reply.

F.D.R.

Letter to FDR from Henry Wallace, Mexico Dec. 29, 1940 with reference to his conference with President Avila Camacho in which Camacho said he had definite word that the Nazis, using citizens of S.A. were planning to send commercial transport planes to the coast of Mexico where presumably they would be transformed into bombing planes. Nazi agents active in matters of this sort have their headquarters in U.S. Also discussed the possibility of purchasing from the U.S. coast artillery, machine guns and a few airplanes -- requiring credit.

Also let of 12/30/40 from Wallace re a Joint Commission to promote solidarity between the Americas.

PSF: Welles

Welles Folder

THE UNDER SECRETARY OF STATE
WASHINGTON

file
personal

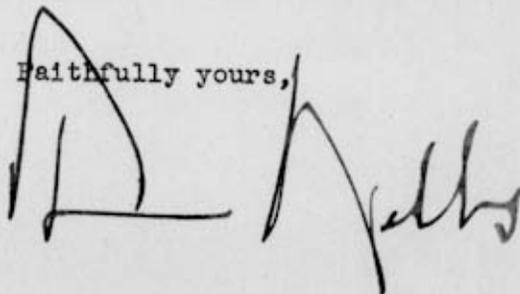
January 14, 1941

My dear Mr. President:

I have received today, under date of January 10, a letter from the Vice President of Cuba in which he refers to your recent addresses. I believe you will be interested in what the Cuban Vice President says and I am, therefore, enclosing for your information a translation of his letter.

Believe me

Faithfully yours,



Enc.

The President,
The White House.

[TRANSLATION]

Dr. G. Cuervo Rubio
Habana

Habana, January 10, 1941

The Honorable B. Sumner Welles,
Under Secretary of State,
Washington, D.C., U.S.A.

My distinguished Mr. Ambassador and Friend:

I had the pleasure of receiving your letter in reply to my congratulations of January 2 and I have not resisted the desire of disturbing you, to thank you most deeply and sincerely, for the expressions of high praise and marked cordiality with which you exalt my person, surpassing yourself, obviously, in benevolence. I appreciate in their full friendly significance your courtesy and deference in judging me so highly and one of the reasons why I am remarking on your letter is, in fact, that your mind may not retain the impression that I accept as accurate those said expressions which I attribute to your repeated kindnesses toward me.

In the midst of the problems which confront almost all countries, my anxieties increase in measure as the general drama becomes more intense.

I was very deeply moved by the statements which President Roosevelt addressed, more than to his country, to the world, on the two recent occasions: his talk
and

and the message to Congress. The historic importance of his latest steps is so great, so final and forceful that it must be considered as a coup de grâce to the expansionist aims and cruelties of national socialism and, most particularly, to the dangerous communist advance. His line of conduct, particularly since September 1, 1939, has traced a parabola of such lofty human and patriotic feeling, of such profound responsibility and sensitivity as President of the United States of America that it is the most definitive and crushing battle which could have been given to the nazi-fascist powers; all this, simply, before a microphone and from the White House.

Cuba, I can assure you, is, and could not but be, closely bound to the tribulations, sorrows and risks of your great country. It is true that our internal situation suffers from faults and requires considered and urgent modifications, but I hope that this will be gradually achieved through the effort of the President and of well-intentioned persons. You know that my whole wish for many years has been to be a modest factor in the consolidation of our institutions, in the elevation of our national status, on the basis
of

-3-

of the moralization of the internal regimes and the strengthening of our economy; and, lastly, on the cultivation of international relations. And although, on this occasion, I cannot be it, in a visible and marked manner, on account of the slightness of my possible action, I shall place the very small part which my will represents in the service and search of this end.

Forgive me these confidential words, which, lest it steal your time, do not require a reply, and believe me, always your very cordial friend,

G. CUERVO RUBIO

Tr:AVA:HSF

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PSF: Welles
File confidential

THE WHITE HOUSE
WASHINGTON

January 21, 1941

MEMORANDUM FOR

HON. SUMNER WELLES

What do you know about
this and what are we doing?

F. D. R.

Enclosure

Dispatch from Sparks, Port-Au-Prince
1/17/41 to Sec. of State re UP story
re W. A. Simms of Dayton, Ohio who
has been Port-Au-Prince during past
few weeks in his own airplane and who
discovered a German air base in Haiti.
U. P. trying obtain official confirma-
tion. Says may have some relation
to alleged establishment of airfield
at Sources Chau des which Simms and
Marine Corps pilot are reported to have
examined from air with some suspicion.

SECTION 5010(a) 2011
PROCESSED

PSF: *heller*

*File
Confidential*

THE UNDER SECRETARY OF STATE
WASHINGTON

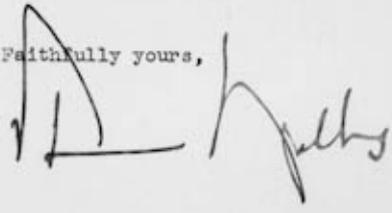
February 10, 1941

My dear Mr. President:

With reference to my letter to you of January 22,
I am enclosing herewith for your information a copy of
a despatch from our Legation in Haiti, dated January 27.

Believe me

Faithfully yours,



Enc.
Despatch No. 1222,
Port-au-Prince.

The President,
The White House.

Port-au-Prince, Haiti, January 27, 1941.

No. 1222

Subject: Reported German Air Base in Haiti at the Sources
Chaudes Concession.

The Honorable

The Secretary of State,
Washington, D. C.

Sir:

With reference to my despatch No. 1199 of January 17, 1941 concerning the alleged discovery of a German air base in Haiti by Mr. William A. Simms of Dayton, Ohio, I have the honor to report that Major Hayne Boyden, U.S.M.C., Naval Attaché to this Legation, came to Port-au-Prince from Habana on January 22. Major Boyden, who was accompanied by Colonel Barber, American Military Attaché

Attaché at Habana, had learned in Habana of the alleged discovery of a German air base and had been furnished considerable detailed information which gave grounds for the belief that those operating the Sources Chaudes Concession were engaged in activities of a very suspicious character.

On the following day Major Boyden and Colonel Barber flew over the area several times at a low altitude which permitted them to observe all or any activities in that area. While they saw nothing which might attract attention or suspicion, on Friday they again flew to Gonaives from which place they proceeded into Sources Chaudes by 1/ automobile. There is enclosed herewith a report by Major Boyden of his findings from which it will be noted that there was no evidence whatsoever of unusual activities in that area. Inasmuch as Major Boyden is an American military aviator of long experience, it is believed that he was best qualified to make this investigation and that his opinion as to the possibilities of converting the concession into an air base merits every consideration and confidence.

With regard to the opinion expressed by Major Boyden in the last paragraph of his report to the effect that the absence of any signs of an air base, or preparatory construction for one, does not necessarily mean that the construction work there is not a front to cover up some kind of planned subversive activity, it should be pointed out that the Legation itself has been interested from the outset

outset in determining the motives for the expenditure of the funds which those connected with the Sources Chaudes Concession have been making in that area. The opinion was advanced some months ago that this business venture may simply be a means to permit those refugees naturalized as Haitians to invest certain capital in this country which they have been required to do in conjunction with their naturalizations. On the other hand, there are no mineral waters under exploitation in Haiti. There is a bottling works in Port-au-Prince but it simply charges and bottles water from the city water supply which is not generally regarded as very pure. Also, there has always been a certain amount of importation of mineral water from abroad. In these circumstances there is a limited field for bottling mineral water locally, but there is a decidedly adverse factor in that Sources Chaudes is remote and access difficult, in which case transportation costs might be commercially excessive. However, the important point is that those best qualified to investigate the rumors have been unable to uncover any evidence which would indicate that the activities of the Company are other than commercial.

In this connection there have recently been received in the Customhouse at Port-au-Prince a small supply of bottling machinery and other materials for use at Sources Chaudes. The shipments consisted of:

- January 9, 1941, - total value \$1,162.75 -
six cases of pumps, line shafts, pulleys,
couplings and one drum of bottle washing
soda
- January 13, 1941, - value \$1,494.33 -
bottle-washing machine, bottle-capping
machine and one filter and machine acces-
sories.

This

This material was most carefully examined by the Haitian Customs Service and found to be exactly as declared.

In connection with the Department's telegram No. 18 of January 23, 5:00 p.m., 1941, arrangements will be made to have the locality covered by the Sources Chaudes Concession kept under surveillance, and periodic reports will be submitted to the Department concerning developments. Investigations will ordinarily be made through the Services of the Office of the Fiscal Representative, since inspectors of that Service make periodic trips through the area. However, checkups will be made from time to time and it is desired that funds be made available for this purpose for the hire of an automobile, since the road, or better said trail, from Gonaives into Sources Chaudes is so rough that it is inadvisable to use a private car. In fact, the Fiscal Representative will not permit the use of his service cars for this purpose. Information is being obtained as to the cost for the hire of such vehicles and an estimate will be submitted at a later date.

Respectfully yours,

Edward J. Sparks
Chargé d'Affaires ad interim

Enclosure:
1/ Report of Major Hayne Boyden, U.S.M.C.

File: 866.2
EJS:MAK

A true copy of
the signed original.
MAK

Enclosure No. 1 to
Despatch No. 1222
of Jan. 27, 1941
From the Legation at
Port-au-Prince, Haiti.

REPORT OF INSPECTION TRIP ON THE GROUND
AND FROM THE AIR OF SOURCES CHAUDES -
CORIDON AREA

On January 24, 1941, this Attaché, accompanied by Colonel Barber, the Military Attaché from Havana, drove in a car from Gonaives to visit Sources Chaudes and a seacoast village called Coridon. The twenty-eight miles of road from Gonaives to Sources Chaudes is passable but very rough, rocky and narrow, bordered with thorn trees, cut by numerous dry irrigation ditches when it traverses small flat stretches where rivulets produce a little greenery to break the desert-waste landscape, barren of everything except boulders and cactus. Loose stones and sharp rocks with dead thorn bush limbs lying across the trail - for it is not really a road in the full sense of the term - make it extremely hard on a car bumping along over it. Nearly two hours were required to negotiate the distance to Sources Chaudes, at which place I saw the single small building which the SOURCES CHAUDES CONCESSION had constructed. It was built of hollow clay tile fabricated with concrete, and the roof of corrugated galvanized tin covered a structure some 40' x 60' by 25' high, with two wings extending twenty feet to either side two-thirds back from the front. The door was unlocked by an attendant, and an interior inspection revealed nothing at this time but a considerable number of pasteboard cartons of empty beer bottles. From questions asked casually of an intelligent little man, - not the usual rural type Haitian, - who first greeted us and sent for the caretaker, it was learned that the tile, bags of cement and roofing had been transported on sail boats to Coridon, thence by a truck to the site, some seven or eight miles distant. A reconnaissance of the vicinity was made on foot and nothing further in the way of construction as foundations for another building was observed. Across the street from the building was a pile of clay hollow tile, and some two hundred feet farther back were four rectangular piles of loose stones of medium size. The main source of the hot springs where they emerge from the earth twenty-five feet away on the north side of the building is covered with a concrete "box", 3 x 8 x 6 feet, from which the water flows in a little covered channel through the floor of the front of the building, and then out on the other side it comes into an open channel for the natives to dip it up. At this place the water is still very warm. Then it enters a little covered well house, and from there flows on into a large basin in which the native women bathe and wash clothes.

Questioning a local gendarme revealed no knowledge of there having been a radio antenna on two poles as reported. Of course, this could still have been there and the gendarme not know it. Also it was learned from this Haitian who appeared well-informed on the proposed operations that they expected to start bottling the water some

time

time in March, after the machinery arrived and was installed.

From Sources Chaudes to Coridon the drive of some seven miles consumed thirty minutes, and the road from where it forked off of the main Gonaives road ran down an arroyo with rocky sides, covered with cactus, rough, dry and like a desert. The village of Coridon consists of huts strung out for a quarter of a mile bordering the beach, directly at the water's edge, built on a narrow sand dune rising five feet higher than the sand flats on the inland side. There is no indentation of the coast for any kind of a harbor, - just a long straight shore line. The sand flats running adjacent to the village are two to three hundred yards wide, with some grass and bush hummocks in patches here and there. Recently it appears that a half dozen salt pits have been dug in the flats opposite the east part of the village. These are the usual kind found for producing salt in various sand flats right on the beach throughout Haiti on the coasts. Other than these no other indication of any kind of work, - either clearing bush, cutting grass, of which one might say there is none, - could be observed. The soil of which these sand flats is composed, sand with some bit of salt, becomes hard-packed when it dries, resulting in a smooth surface, fairly hard, but when wet from high tides or rains usually it has soft spots at many unexpected places. Along the coast, just inside the usual mangrove bush strip, these sand flats exist intermittently from Coridon to the little bay at Port-au-Piment, some seven miles northwest up the shore. Some are narrower than others and many are wet halfway back from regular tides. They are just like all the other sand flats on the Haitian coast. Certain types of planes could land easily on some of these flats under favorable wind conditions, when they are dry and hard, as this Attache has done on numerous occasions in different parts of Haiti - Gonaives, Aquin and Cap-Haitien. But it is considered that their very nature and lack of any possible drainage make them most unfeasible for development for any kind of an air base, particularly for combatant operations. The fact that they are narrow restricts operations to two directions only. Natives questioned in casual conversation by my Haitian driver and another who accompanied us - when I was not at the instant present - revealed that none of those talked to knew of any brush having been cut, or runways prepared anywhere in that area. The ever-present native in the countryside of this Republic would make hiding any kind of work next to impossible, especially of the nature reported.

In addition to the physical reconnaissance made on foot of the terrain in the vicinity of Sources Chaudes and Coridon and adjacent area, and the observation of the country in that area made from the car while driving slowly, - the nature of the roads prohibited anything but minimum speed - this Attache has flown low over the whole area a number of times and up and down the beach, viewing the beach and sand

flat

flat strip several times both from the seaward side and the inland side in order to look at it under both light conditions. Absolutely nothing even faintly resembling any man-made lines in the sand flats or in the bordering brush on the inland side, or in the arroyos and uneven land between Sources Chaudes and the coast could be noticed.

The absence of any signs of an air base or preparatory construction for one need not necessarily be interpreted as indicating that the building and proposed water-bottling plant project is not a front to cover some kind of planned subversive activity. Certainly its location would point to its being only a front.

(Signed) H. D. BOYDEN

PSF State Miller
7/11/41
P Confi

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THE UNDER SECRETARY OF STATE
WASHINGTON

January 22, 1941

My dear Mr. President:

In reply to the inquiry contained in your memorandum of January 21 concerning the report of a German air base in Haiti, I may say that as soon as we learned of the rumor Mr. de la Rue, the Fiscal Representative at Port-au-Prince, undertook to visit the district where it was alleged the German base existed. The district in question is some twenty miles northwest of Gonaives, where a concession has been granted by the Haitian Government to some German refugees. The concession provides for the bottling of waters from a hot mineral spring.

Mr. de la Rue found that no Germans were present at the location of the concession. A structure about the size of a garage capable of holding five cars had been commenced near the spring, presumably as the prospective bottling factory. An antenna erected there

The President,
The White House.

Faithfully yours,
[Signature]

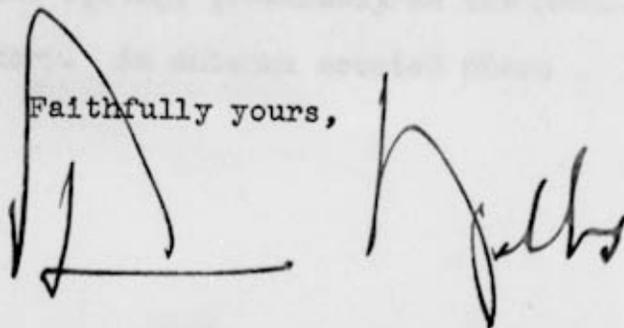
indicated that a radio receiving apparatus had at some time been installed. The road to the spring is in very poor condition and entirely unsatisfactory for transporting machinery or other heavy equipment. Mr. de la Rue felt that a rumor that large tanks had been installed near the spring was entirely false inasmuch as it would have been impossible to bring such tanks to the place either by road or with the maritime equipment available in Haiti.

Near the location of the spring there is a level tract where in past times salt has been produced. There was no evidence of recent work on this salt field, nor was there any indication that any development of this level tract had been undertaken.

It seems to me desirable that this spot be kept under surveillance and steps will be taken to this effect. From the report I have given you above, however, it seems hardly likely that there is any immediate ground for concern.

Believe me

Faithfully yours,

A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a series of loops and a long horizontal stroke at the end.

PSF State Welles Folder



7P Conf

DEPARTMENT OF STATE
WASHINGTON

January 25, 1941

My dear Mr. President:

You will recall speaking to me last May with regard to an investigation of one "Hedmona Kollimar", an executive of the Chemical Bank and Trust Company, 165 Broadway, New York, who was the subject of a telegram dated May 21, 1940 from our Embassy at London, a copy of which is attached hereto.

"Kollimar" was identified in this Department as Mr. Herman Kollmar. As the German firm Wodan of Rotterdam had already figured in a number of cases in Europe showing it to be an espionage instrument for Germany, this Department became interested in Mr. Kollmar's activities. In a letter dated May 24, 1940, this Department communicated all relevant information which it had been successful in obtaining regarding Mr. Kollmar to
the

The President,

The White House.

the Federal Bureau of Investigation. This letter concluded as follows:

"This Department considers the accusations made as of the utmost gravity and it would appreciate a discreet investigation being undertaken immediately."

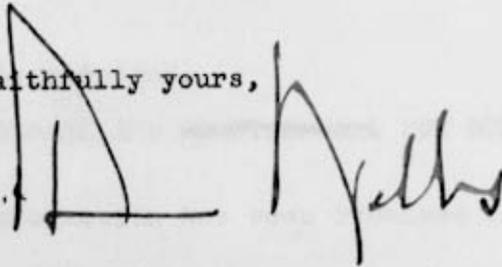
A reply dated December 17, 1940 has been received from the Federal Bureau of Investigation embodying the results of its investigation of Mr. Kollmar up to November 26, 1940. That reply, a copy of which is enclosed, includes the text of a summary submitted by this Department on May 24.

There are also enclosed pages 1104 to 1108, inclusive, from Appendix Part II released by the House of Representatives Special Committee on Un-American Activities showing copies of studies found in the files of Dr. Ferdinand A. Kertess, head of the Chemical Marketing Company, 10 East Fortieth Street, New York. These studies show that certain persons sympathetic with the present regime in Germany were planning the organization of commercial organizations which was to act as a channel for all trade from this country with Germany in the event Germany wins the present war. Mr. Kollmar, it appears, was to play a prominent role in those organizations.

In

In the light of the known espionage activities by agents of the firm of Wodan, with one of whom Mr. Kollmar was in communication, and in view of the fact that Mr. Kollmar is closely associated with other persons in New York suspected of being German agents, the Department is requesting that a more intensive investigation be made of Mr. Kollmar.

Faithfully yours,

A handwritten signature in dark ink, appearing to be 'H. H. H. H. H.' with a large, stylized initial 'H' on the left and a more fluid signature on the right.

Enclosures:

1. Copy of telegram from Embassy, London, dated May 21, 1940.
2. From F.B.I., dated December 17, 1940.
3. Pages 1104-1108 from Appendix Part II.

Department of State

BUREAU
DIVISION

Su

ENCLOSURE

TO

Letter drafted

ADDRESSED TO

The President

id: CME
RED c p

TELEGRAM RECEIVED

JT
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (SC)

LONDON

Dated May 21, 1940

Rec'd 9:35 p.m.

Secretary of State,
Washington.

1314, May 21, midnight.

STRICTLY PERSONAL AND ~~CONFIDENTIAL~~ FOR DUNN FROM
JOHNSON.

Following information has been received from our
friends.

The assistant manager of the Chemical Bank and Trust
Company, 165 Broadway, New York, by name Hedmona Kollimar,
visited Holland recently. The United States Government
not allowing him to return to America by Rotterdam, he
sailed from Genoa and is now back in New York at his desk.
This individual wrote a letter on April 6 to H. W. K. R.
von Goerschen of Wodan, Handelsmaatschappij, 79
Schiedam Schesingel, Rotterdam, in which he thanked him
for courtesies extended during his stay in Rotterdam
and added that it would please him very much if either he
or his institution could be of any service to von Goerschen.
Our friends know von Goerschen definitely as an officer
in Holland of the German intelligence headquarters.

KENNEDY

NK

For the moment I contemplate establishing a new business which probably would open its own office in Argentina as well as in Brazil, first, for the purpose of securing the South American business; and second to establish a connecting link, if necessary, with other friends in other countries.

Among the records which were found in the files of the Chemical Marketing Co. was a plan entitled "The Organization of German Industry in America After the War." This plan, together with the notation of various conferences held by Dr. Kertess with individuals in New York City, is included in this report and marked "Exhibit No. 237." The proposed organization is typically characteristic of the thoroughness of the German mind and its ability to foresee in great detail future developments. It is reasonable to suppose that if Dr. Kertess and his associates were able, as the plan indicates, to anticipate with such reasonable thoroughness the problems that would be encountered after the war and were able to present a constructive program as to the manner in which Nazi Germany could control, under Government direction, a large segment of American industry, then in the light of Dr. Kertess' statement to Germany 4 months before war was declared, namely, "we are ready for war," it would reasonably indicate that Germany has already done a pretty good job of safeguarding its industrial interests in the Western Hemisphere by any and all means under its control.

The plan outlined below lacks nothing in its effectiveness or in detail for the contemplated organization, not merely of industry and trade, but also proposes to combine these spheres of activity with a great banking institute, (as later exhibit will illustrate) to underwrite and support the financing of German industry and trade activities. The plan goes still further in that it also contemplates through cultural, academic associations and circles the cooperation of the professional and academic world banded together in typical "front organizations."

In the proposed industry or trade organization plan, there is the obvious intent to draw upon all industrial activities in America that are in any way allied with German industry. Relations would arise out of the extensive use of patent agreements or cross-licensing in patents. The plan further contemplates bringing into the organization representatives from such leading industrial activities such as cotton, cellulose, machine tools, the automotive industry, and so forth. The plan sets forth a very definite link with the industrial life in Germany by providing that all of these activities—industry, trade, commerce and academic—shall be directed from a bureau to be established in the German Ministry in Berlin. There is the very obvious intent to retain control of these activities in the hands of German authorities and not to permit this control to be dissipated or to come under American influence.

[Exhibit No. 237¹]

THE ORGANIZATION OF GERMAN INDUSTRY IN AMERICA AFTER THE WAR

JUNE 20, 1940.

The mistakes of the past may be considered as so thoroughly familiar as to constitute a basis for this presentation without specific enumeration. But should enumeration be desired it can be presented incidentally at some other time.

The essential requirements necessary to the achievement of the desired results are the shrewdest combination, the assurance of the closest cooperation between

¹ For facsimile of original, see pp. 1363-1372.

the proper government offices and private industry, and the solution of such personal problems as affect German as well as American relations.

The organization should be constructed upon three columns:

1. The Board of Trade for German-American Commerce, Inc. Headquarters in New York, with branches in Chicago, New Orleans, and San Francisco. President of the Board: Mr. C. F. Arenkiel, Chairman of the Board of Directors: The German Commercial Attache. Others who might be considered as directors:

Mr. Frank E. Gerdes.
Mr. Gerhard Schuetz.
Mr. H. Greeven.
A German-American Attorney.

Still others to be considered are:

Mr. Harry Hallesen.
Two other representatives of German industrial firms.
Dr. F. A. K.

In addition, there should be affiliated with the German Board of Trade the office of a customs attorney, for which position Mr. Fred G. Tauber has been proposed.

The selection of the staff should be left to the President.

The Board of Trade will be affiliated also with the German Trade Council, to be composed of representatives of the several industrial groups. These representatives may be either honorary or salaried. The local German Commercial Attache will preside over this Council.

2. The American Group for Trade with Germany, Inc. President Mr. George F. Bauer

Proposed Directors:

Mr. Howard P. Ingels, of Laird, Bissell and Meeds
Mr. Herman A. Kallmer, Chemical Bank and Trust Co.
A representative of American Cotton Interests
A Representative of General Motors
A Representative of the National Manufacturers Assn.
A Representative of the National Council of American Importers, Inc.
Mr. A. O. Dawson, of Hines, Rearick, Dorr and Hammond, as Counselor.
Dr. F. A. K., as contactman with the German Board of Trade.

The Board of Directors to be presided over by Mr. John R. Zellers, of Remington Rand, Inc., with the following proposed members:

Mr. William A. Schuyler.
Dr. A. Scheurer.
Three representatives of the leading American Manufacturing and Trade Associations.
Mr. C. F. Arenkiel, President of the German-American Board of Trade, Inc.

The principal duty of this organization will be to make and cultivate personal connections between American manufacturers and analogous organizations in Germany.

3. The German University League Inc., to foster an exchange of cultural and social relations between Germany and America. For this organization the following are proposed:

Dr. E. Kohl.
Dr. Peter J. Kesseler.
Mr. Richard Koch.
Dr. F. A. K.

Prerequisite to the successful accomplishment of the work of this organization, which is to function as an appropriate counterpart of the organizations described in the foregoing, is the creation of a special office in the Ministry at Berlin, which could give it support and assure its success through a thorough familiarity with conditions in America.

The requirement of shrewdest association obviously imposes upon all participating government officials as well as upon every one employed in private industry the duty of proceeding with such American plans and activities only after they have consulted with the aforementioned organizations. All local representatives of German enterprises are required to register with the German Board of Trade.

A matter which appears worthwhile considering is to determine whether local German banks could be organized into a Banking Institute. Such a Banking Institute would be able to effectuate the association regarded as essential, also in the important domain of finance.

It is to be observed in this connection that through such an agency the settlement of transactions involving travelers' marks (travelers' checks) return-travelers checks and other similar paper could be made much more advantageous to German authorities as well as to the owners of the various kinds of obligations and German securities than before the war.

There was a conference which Mr. Kellermeier and Mr. Hollesen were present. Without objection it was agreed that Mr. Hollesen alone was to have exclusive control of all matters relating to the Kali Syndicate. He repeatedly asserted that he was not in a position to make any contribution toward the solution of general problems since, so far as he is concerned, no such problems as "dumping" or others of a similar nature, exist.

It cannot be denied that Mr. Hollesen created the impression of the self-satisfied business man, whose connections and financial status within certain limits could be made use of. But just these attributes made his active cooperation difficult. It was on this account that it was proposed as most expedient to make him a member of the Board of Directors of the Board of Trade.

6/24/40

Mr. Kollmar, who has been present at several conferences has been referred as the representative of an American bank, first, because both he and his bank have excellent connections in Berlin; but particularly because his bank has been the only one that during the war and even now has exhibited an irreproachable attitude toward Germany, in contrast, for example, to the Chase National Bank, which was most active in confiscating and calling credits.

A conference was held at which Mr. Kellermeier and Mr. Gerdes were present, the latter having been given some general instructions by Mr. Kellermeier before the conference was called. The conference developed two interesting points:

1. Upon the invitation to propose the names of gentlemen for the group, Mr. Gerdes was not in a position to name any in addition to Messrs. Arenknehl and Schuetz, already proposed.

2. He asserted that he, too, regarded a combination of all German banking interests in a mutual banking institute here as the correct solution. But he saw difficulties in it, especially as to the formula to be used by the institute in distributing the business to individual banks over there. In addition, he told us that he, himself, had worked out such a plan and that he was ready to submit it at an appropriate time. Mr. Gerdes repeatedly asserted that the work of such a group and its plans depended absolutely upon its being submitted to the right quarters in Berlin not merely for examination but for support as well. In this connection he referred to the experiences that had prevented Dr. Tannenber from having his project considered in Berlin and hence from executing it.

It was agreed that the group consisting of Messrs. Arenknehl, Gerdes, Schuetz, Dr. F. A. K., would meet again during the middle of next week for a first exchange of ideas.

6/27/40

In the conference with Mr. Schuetz evidence was developed of the indefensible conditions attendant upon the consideration of certain questions before the war.

Called upon to recommend gentlemen who, under certain circumstances, could be approached for suggestions for the development of German trade after the war, the name of Mr. von Klemm was proposed. Mr. Schuetz gave as his reason for this proposal the fact that up to two months before the war Mr. von Klemm had sent large sums of money to Germany and that from this circumstance he was compelled to conclude that his business was very large and that everyone must regard his business ability as remarkable. His arguments led to a sharp discussion in which it was pointed out to Mr. Schuetz that the catastrophic split before the war was ideally adopted to lead to just such misunderstandings.

It developed that Mr. Schuetz as well as his bank had made proposals to the government over there that were strongly in support of the plans of Mr. von Klemm. Mr. Schuetz was compelled to concede that neither his knowledge of the hop trade or of the cellulose fiber trade was sufficient to analyze or recommend the proposals of Mr. von Klemm and that he naturally had supported Mr. von Klemm merely because this gentleman was a good client of his local branch.

It was thereupon pointed out to Mr. Schuetz that as a result of such individual actions, entirely devoid of any special experience, it was but natural that there would be much confusion in Berlin, inasmuch as his proposals were sharply in

conflict not only with the regular sharp conflict with the common in this connection it could be such actions after war, but they were to be taken in hand and decisions of professional experts in more concerned with their self-interest while other gentlemen, who had somewhat difficult to get a hearing. It was thereupon pointed out to German Embassy had been instructed and that no reproach could be made the reason.

conflict not only with the regular importers of cellulose and hops but fully in as sharp conflict with the commercial division of the German Embassy; that just in this connection it could be demonstrated how important it was not to repeat such actions after war; but that, in order to prevent such deporters problems were to be taken in hand and developed through joint action and the recommendations of professional experts in responsible positions.

Mr. Schuetz regretted to observe that before the war many gentlemen who were more concerned with their selfish interests than with the interests of German industry were able to get the ear of commercial division of the German Embassy, while other gentlemen, who had the welfare of German industry at heart, found it somewhat difficult to get a hearing. In this he referred especially to I. G. and Schroeder.

It was thereupon pointed out to Mr. Schuetz that the commercial division of the German Embassy had been instructed to cooperate closely with private industry and that no reproach could be cast upon that division of the German Embassy if the representatives of private industry failed on their part to acquaint the division with their plans and actions seasonably and, indeed, even in advance, and that this was exactly one of the principal defects that was to be removed.

As in the conferences with former gentlemen so in this conference, too, there developed rather unsatisfactory expressions concerning the German American Board of Trade. This appears to be one of the points upon which the gentlemen who were consulted have not been in accord.

Concerning the matter of the banks Mr. Schuetz confirmed the expediency of a mutual German Banking Institute, confirmed at the same time the correct conduct of the Chemical Bank and Trust Company, as compared with the unfriendly conduct of all the other banks and pointed out—quite rightfully—that some banks in states other than New York had exhibited much more friendliness, at least understanding and a readiness to do business than had the New York banks.

Mr. Schuetz left to the judgment of the conference the matter of an eventual approach to Mr. von Rurnour; promised to devote himself to the matter of establishing German industry after the war; and hoped he would be in a position at the meeting of the group next week to contribute some constructive proposals.

It appears worthwhile considering to what extent Mr. Schwing, erstwhile with Anderson-Clayton might be called upon later for some practical assignments. The same consideration applies to Mr. Felix Rapp. It has also been recommended that Mr. Richard Koch might be considered as the local representative of the Leipzig fair.

The question also has been raised as to how for Mr. Zimmer, in his personal capacity, independently of his association with McFadden, could go along in the American Group for Trade with Germany or if another name should be submitted as representative of the Cotton Interests group.

In a conference at which were present Mr. Kellermeir and Mr. George F. Bauer, the latter, enthusiastically greeted the idea of calling into existence an American Group for Trade with Germany parallel with an organization such as the German Board of Trade.

Mr. Bauer is not only prepared to assume the direction of such a group but is interested in doing so, and he is of the opinion that because of his connections it would be possible for him to influence persons having prestige to join this group.

Mr. Bauer will consider the problem more concretely, including that of persons of prestige and I will meet him again next Wednesday, at which time he will submit a memo containing appropriate proposals.

6/28/40

A friendly conference was arranged with Mr. Greeven, from which nothing much of a constructive nature developed. It will not be easy to get a representative out of leading cotton circles for the American group. Only Mr. Clayton or Herr Zimmer have been considered, and it is to be remembered that until now both firms, Anderson-Clayton as well as McFadden have been unfriendly.

Several conversations were had with Mr. Schellenberg, especially about return-travelers' marks (checks).

It was suggested that Mr. Schellenberg, Dr. Topkins, and Dr. Auhagen submit a proposal, after which the solution of the return-traveler problem was to be turned over to them exclusively.

Asked as to my attitude I replied to Mr. Schellenberg that such monopoly could be considered only within the realm of official activities at least within the Board of Trade; that I was compelled to regard it as highly unethical and beyond discussion to confer upon one of a group of three gentlemen a monopoly out of which all three under the ostensible consideration of a premeditated provision of 10% had calculated a very considerable income.

I regard it highly unethical to take advantage of the expenses of return-travelers and repeated that in the interest of all concerned and in all decency this matter could be regulated only officially, with profit reduced to the lowest possible minimum.

The group Arenkiel, Bauer, Gerdes and F. A. K. held a profitable conference of four hours. The recommendations resulting from this conference are to be communicated orally to Dr. Tannenberg and Mr. Von Knoop when they are present.

Mr. Kollmar invited me to lunch with Mr. Jackson, First Vice President, and Mr. Bower, Executive Vice President, of the bank. These gentlemen stated that they regarded it as important for America to join with and cultivate the new Central European Bloc in the most friendly and intimate trade relations; but observed that for a long time it will be necessary to combat opposition and to overcome the difficulties of public opinion.

Mr. Kollmar has the assignment to continue to cultivate relations and for this purpose he will meet with Mr. Bower during the coming week to listen to his plans. There appears to be good reason to give Mr. Bower some financial assistance.

The conference between Mr. Bower and Mr. Kollmar is to be deferred until after a consultation with Dr. Tannenberg and Mr. von Knoop.

During the extended discussion Mr. Bower dropped the remark that their notable friendliness for Germany had not been rewarded any too lavishly, for even today the Reichsbank and the Gold-Discount Bank were maintaining their accounts at Chase which certainly had shown itself to be everything else but friendly to Germany, and he hoped that Mr. Kollmar might be successful even if only as an external evidence of recognition ultimately to get the accounts of both these institutions.

Attention is directed to section No. 1 of the plan, wherein Dr. Kertess sets forth his name (Dr. F. A. K.) as a person who should be considered on the board of directors. In section No. 2, George F. Bauer's name is proposed as the president of the American Group for Trade with Germany, Inc., and it will be recalled that Mr. Bauer was one of the guiding lights in the American Fellowship Forum. In this section was Dr. Kertess (Dr. F. A. K.), who was proposed as the contact man with the German Board of Trade. In section No. 3, the German University League, Inc., the names of Dr. E. Kohl, Dr. Peter J. Kessler, Richard Koch, and Dr. Kertess (Dr. F. A. K.) are proposed as the board of directors. Reference is made to a previous section of this report where it is shown that the above four individuals are the incorporators of the American Fellowship Forum.

Included also amongst the records of Dr. Kertess was a plan for the setting up of a German bank in the United States. This plan is set forth below in its entirety as exhibit No. 238.

The idea of a German bank, as proposed, carries with it the concept that every German-American citizen, whether he be of native origin or of German descent, will find in this appeal the desire to place his funds in such a bank, or its branches, and thus to give strength to the financial structure which is here contemplated. When it is considered that such an appeal can be made very effectively to almost every German in America, whether of native or local origin, it is indicative of the tremendous influence that could be exerted from a bureau established in the German Ministry at Berlin. The whole scheme, in short, is typical of the thoroughgoing intent to establish direct control, through the agencies indicated, of a large section of the economic structure of America.

1/31

XB conf

PSF: Welles Filler

THE UNDER SECRETARY OF STATE
WASHINGTON

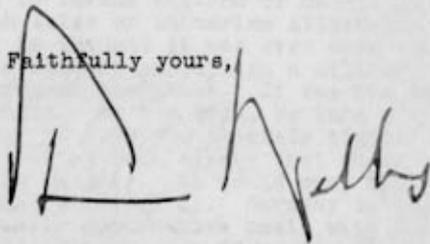
January 31, 1941

My dear Mr. President:

I have just received a further letter from our Embassy in Berlin reporting upon a new conversation between the First Secretary of the Embassy and Dr. Schacht. I am sending you herewith a copy of this letter since I believe it will be of interest to you.

Believe me

Faithfully yours,



Enclosure

The President,
The White House.

Under Secretary of State
Department of State
Washington, D. C.

EMBASSY OF THE
UNITED STATES OF AMERICA

Berlin, January 7, 1941

AIR MAIL

Personal and Confidential

Dear Mr. Welles:

I went to see "our friend" today and extended good wishes for the New Year. He replied that he thought it would be the decisive year of the war. He inquired whether there had been any reply or comment with regard to his project of making a visit in a private capacity to the States and I replied in the negative.

He said that with the fall of Bardia the situation became clear. Italy was finished. It seemed pretty certain now that Germany would not be able to invade England or defeat her by air attacks on the British Isles or submarine attacks on shipping. On the other hand, he thought it was even more unlikely that Britain would ever be able to accomplish a military defeat of Germany on the European continent. It was the fight of the elephant and the whale. At the most, Britain with America's aid might be able to draw the blockade tighter, and eventually create a situation of such misery that there might be an internal breakdown in Germany. He could see, however, several alternatives to that eventuality. Germany in such a situation might go on a really cooperative basis with Russia or failing that might invade Russia, for there was no question but that the German army could speedily conquer and hold west Russia and the Ukraine, for the Russian army was nothing. The only thing that Russia had was a rather good air force but it was no match for the German air force. With the occupation of portions of Russia, Germany would obtain raw materials and foodstuffs. Another possibility, if the war were pushed that far and long, would be a military revolution and the setting up of a military government in Germany. He submitted that an outcome of Europe and Germany reduced to misery and despair through the blockade was not to the benefit of Europe or the Anglo-Saxon world. It would be a repetition of the tragic error of

The Honorable
Sumner Welles,
Under Secretary of State,
Department of State,
Washington, D. C.

Versailles that any great nation could be permanently kept in a state of subjection.

Possibly the thought was that by keeping on the war there would be an internal revolution but that could only occur after a long time of breakdown, destruction, and misery. No one wanted the war in Germany and the opposition to the regime permeated the whole country. But a state of terror existed, no one could ever start anything, even write or speak any statement of opposition for the next morning, if not the night of the same day, he would be arrested and shot. There was no lack of courage among the intelligent elements of the country but any action at this moment would be futile for a dead man has no intelligence or possibility of action.

There were enough forces of reason and capacity in Germany to make a durable and just peace and to allow the forces of civilization to be resumed. The great mistake of England and other countries in opposing this regime of terror was that they have never lent any support to the opposition. These forces of good will must be helped now if their influence was ever to be exerted since after a protracted war the chances would be that the counsels of extremists would prevail over those of the reasonable elements in Germany.

He had no solution beyond repeating his previous suggestion of being allowed to come to the States in a private capacity, perhaps invited by some private organization, say the Academy of Political Science through Mr. Leon Fraser, to deliver an address. He believes that his visit would mark a turning point in the war and he felt certain of having Hitler's consent if the invitation were issued. Hitler wanted peace and would explore any avenue which might lead to peace since he could not foresee that the inevitable result of opening such discussions would be to force Germany to the abandonment of its temporary conquests and, with equal inevitability, lead to the disappearance of fascist government in the Reich.

The leading generals, now field marshalls, of the army would never interpose objections to a just peace. They would, however, insist that Austria remain attached to Germany as well as the Sudetenland and Alsace. Before the war the army had been willing to renounce Alsace but after the battle of France that could no longer be done. On the other hand, Lorraine, he felt quite sure could be made the subject of arrangement, perhaps one of joint control and sovereignty by France and Germany in a manner which would serve as a tie of interest between both countries. The leadership of the

army not only understood the necessity of the reestablishment of Poland and of relinquishing all the occupied countries but also understood that there must be disarmament, to which they would agree without question provided comparable disarmament was enforced on the rest of Europe.

If his trip to the States could be arranged he could give his word of honor that he would undertake no conversations with any element or individual in the States or undertake any action of publicity which would not have the full approval of the American Government. He would, of course, have to maintain contact with his own Embassy. He felt that such assertion was unnecessary to give since people who knew him knew that his policy had always been one of equal international cooperation. He had no ambition for Germany to occupy a position of dominant military might. He saw Germany as a junior partner of the Anglo-Saxon team but a partner it must be and not a subject.

I heard him without comment other than that I would transmit his views to you.

Belatedly, please accept my wishes for you during this important new year.

Sincerely,

DONALD R. HEATH

PSF State

Miller Files

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THE UNDER SECRETARY OF STATE
WASHINGTON

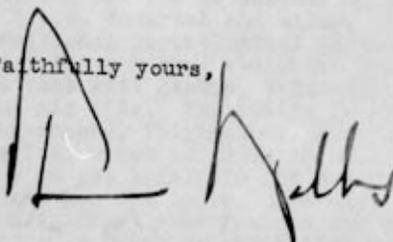
February 1, 1941

My dear Mr. President:

I am sending you a copy of a letter I received from Frank Gunther under date of December 17. I believe you will find this letter interesting. It contains a great deal of detailed information concerning the abdication of King Carol and the last days of his regime.

Believe me

Faithfully yours,



Enc.
From Frank Gunther,
December 17, 1940

The President,
The White House.

No. 44.

Bucharest, December 17, 1940.

Dear Sumner:

I have been seeking an opportunity for some time to round out my despatch No. 1560 of September 9, 1940, with some further facts and sidelights, for the sake of the historical record, on what happened after King Carol had abdicated at 8 a.m. on Friday, September 5th. As I embody, herewith, some intimate details, I think it better not to do so by despatch.

Since preparing the above-mentioned despatch, I have learned that during the night of September 4-5 General Antonescu, on one pretext or another, enticed nearly all of the King's Court officials, one by one, to the building of the Presidency and there locked them up. The King kept calling for one or another of these but found himself by 3 a.m. deserted and alone. This undoubtedly had an additional psychological effect on him. But even so, he might not have abdicated had not General Antonescu got that evil genius, Urdareanu, Minister of the Court, on his side. The latter is an ardent coward and was thoroughly frightened. He also, at the General's instigation, urged the King to abdicate. Madame Lupescu managed to get safely to the Palace through a side door from her own house, some way off, where she had been making final arrangements for departure. She was definitely in favor of abdication and escape. What is very interesting is that she tried to induce King Mihai to leave with his father. This he refused to do. In the end she kissed him good-bye, much to his disgust and subsequent comment. One must have lived in Rumania for some time to realize fully just what a feat General Antonescu accomplished in the removal of the King and without consequential bloodshed.

The

The Honorable
Sumner Welles,
Under Secretary of State,
Washington, D. C.

The General undoubtedly saved the lives of the King and his party by sending with them on the train twelve picked and heavily armed soldiers. When the train got to Timisoara, members of the Iron Guard were awaiting it with every intention of killing all aboard. Here they were protected by the Station Master, who became aware of what was happening and when the train slowed down signalled it to go right through Timisoara without stopping. Even so, a battle was soon raging. The train was badly shot up and had it not been for the steady fire of the soldiers aboard, who used one or more machine guns as well, the train would have been boarded. Quite a number of Iron Guardists were killed. The Iron Guard was furious with the Station Master and shot him, but fortunately, according to last accounts, he has survived. When the train arrived at the Yugoslav frontier the guards of course left it, and the Yugoslav authorities arranged to send them back. There was quite a flutter at the frontier upon the sudden arrival of these armed men.

M. Guranescu, the former Rumanian Minister to Switzerland, met the King's car when it arrived at Lugano. He told me on a subsequent visit to Bucharest that it was positively riddled with bullet-holes. The King had told him that he had sat through the entire trip facing Madame Lupescu with a loaded revolver on his lap. General Popescu, former Chief of Staff and at that time Minister of the Interior, had also been charged by General Antonescu with the task of accompanying the party to Switzerland. According to M. Guranescu, the party did not tarry at Lugano as they had had word that further attempts would be made and that they were being followed to Switzerland by Iron Guard members. The King was unable to take with him his entire train of several cars, so had to trans-ship the most valuable and necessary things into one car. The others were left behind in Switzerland under seal.

A Colonel Filotti, one of the King's personal aides, who accompanied the party to Spain, has since returned and, I have heard, paints a sorry picture of boredom and wrangling among the three as they spend their dreary days in a large but empty Spanish hotel.

As you probably know by now, Carol and Madame Lupescu have been permitted to go to Tangier and Urdareanu

to

to Portugal. Franco is nothing if not chivalrous and information reaching him of forthcoming attempts by Iron Guardists upon the lives of all three, possibly influenced him to permit this change of residence. I understand that though the prolonged presence of the Royal Party in Spain was unwelcome, the Spanish Government would never accede to the requests of the Rumanian Government for the extradition of Madame Lupescu and Urdareanu.

Shortly after the King's departure I had some side-lights on his palace life from Daws, who had been the British butler to the King since many years. He came to me looking for a job as he was not being retained. Daws, who is not really "a top 'ole butler," waxed confidential out of the corner of his mouth which held one of the King's cigars, and described how night after night this curious triangle dined alone in the Palace. Mihai apparently always had his meals separately. Sometimes, however, he confided, the King would be kept waiting till ten o'clock or so only to learn then by a telephone message that Madame Lupescu pleaded a headache and so would not come down from her villa. Later he would learn that she was dining there tête-a-tête with Urdareanu. According to Daws, on two occasions in the last year, the King dined away from the Palace, and on each occasion when Madame Lupescu and Urdareanu entered the dining room, she whispered to the latter to sit in the King's seat.

Urdareanu's influence in the country was tremendous. No one of the King's Ministers ever seemed to feel that it was sufficient to obtain the King's approval on a matter without also taking it up with Urdareanu. That the latter feathered his nest is a most likely hypothesis. In addition, he was quite a heavy gambler and I heard from time to time of poker parties which went on even until ten o'clock the following morning, large sums having changed hands. King Carol governed by shutting his eyes to graft and then holding it over those who had profited. It is said that he kept a file on everyone, and should a Minister become recalcitrant he would draw out the file and let him see the evidence against him.

Psychologically this triangle is probably one of the most curious in history. That the King was genuinely in love with his clever, semi-Jewish friend, there is no doubt. She, on the other hand, was fascinated by

Urdareanu.

Urdareanu. For the King she probably had a deep affection, but for Urdareanu a positive passion. Urdareanu and she, moreover, were mentally akin. Both the King and Urdareanu were physically attracted by many other younger women. Urdareanu's long illness in hospital this past summer was in all likelihood superinduced by his excesses. My informants in this connection are both a doctor and a nurse who happened to treat him. However, on top of this he had received a bad blow in the back, which might have come either from a kick or from a heavy stick. King Carol was often very violent and it is said that he lost his temper with Urdareanu and belabored him. This is quite possible. Before his departure, in connection with his "sale" to the Government of one of the Royal residences, he desired to be paid in Swiss francs to his credit in Switzerland; Mitiza Constantinescu demurred, I am fairly reliably informed, and Carol seized him, mauled him and shook him so badly that he was upset for days.

I have often ruminated upon how different might have been the course of Rumanian history had the King long ago got rid of Madame Lupescu, as Maniu, the National Peasant Leader, begged him to do, and as Carol himself agreed in order to obtain Maniu's support in regaining his throne. This outstanding difference between these two men inhibited the normal development of political relationships as the National Peasant Party could not come to power. It will be recalled that it polled the largest vote in the last elections held at the end of 1937 in spite of a National Liberal Party being in power at the time. That the King should have been so obdurate in his relations with Maniu and so stubbornly refused to set aside Madame Lupescu is a strong indication that he and Madame Lupescu had been secretly married, morganatically of course, as many well-informed people maintain. My own deduction is that they were married while the King was in exile and before he returned to take up the Kingship. He never would have shown such staunch loyalty nor made such sacrifices for a mere mistress.

Rarely in history has the mere presence of a woman in a country exercised such a tremendous influence, for the worse, on the history and development thereof. I am not speaking of her meddling, of her financial acquisitiveness, of the groups of grafters and crooks who sought

her

her favors for their own ends and whom she used for hers - nor am I speaking of her diabolical cleverness and resourcefulness. But it was she, I think, who induced the King to resort to the ruse of the Goga Government, for it was a ruse, just to show the country that it could not do away with the Jews overnight and survive as a going concern. But behind this also there was the purpose of setting aside the growing power of the Iron Guard, which had just polled the third largest vote in the country, by departing from democratic principles, doing away with elections, and devising a totalitarian system of government and a new Constitution. Once embarked on this road, one step led to another and to the final unhappy plight of the King and his downfall.

With warmest personal regards,

(Frank Bernthal)

THE UNDER SECRETARY OF STATE
WASHINGTON

February 5, 1941

My dear Mr. President:

In your speech of December 29 you said:

"Democracy's fight against world conquest is being greatly aided and must be greatly aided by the rearmament of the United States and by sending every ounce and every ton of munitions and supplies that we can possibly spare to help the defenders who are in the front lines. It is no more unneutral for us to do that than it is for Sweden, Russia, and other nations near Germany, to send steel and ore and oil and other war materials into Germany every day."

A few days later the Minister of Sweden came to see me by instruction of his Government to say that the Swedish Government was distressed by your reference to Sweden inasmuch as the Swedish Government, in accordance with its traditional policy, notwithstanding many obstacles, had refused to permit any munitions to be purchased by Germany in Sweden and had limited its exports of steel and ore to normal quantities. The Minister stated that the reference in

The President,

The White House.

your address would make it appear that Sweden had not in fact lived up to this policy.

I naturally told the Minister that you had no such intention, and that you had merely intended to point out that the procedure which you had indicated in your address as the proper procedure for the United States to follow, was no more unneutral than the perfectly proper policy which Sweden and other neutral governments had been following. I told the Minister that his Government must know well by this time the high regard which you personally had for the Swedish Government and for the Swedish people and of the full recognition which you had of the very difficult situation with which Sweden was confronted.

The Minister then asked whether you wouldn't be willing to make some clarification on this point, and I told the Minister that I did not care to ask you to make any clarification of what seemed to be a perfectly clear reference to Sweden in an address directed to the people of the United States.

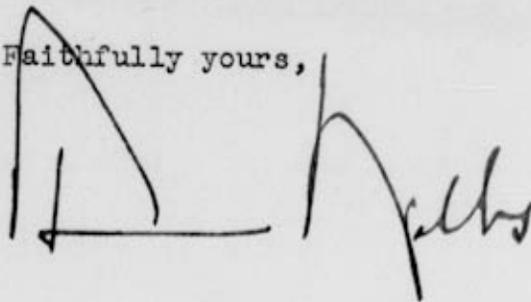
The Minister came in again today to see me and referred to the same matter and said that Mr. Alvar Andersson of Stockholm, special correspondent of the Socialdemokraten,

the leading Labor newspaper of Sweden, was now in Washington and was going to attend your next press conference. He asked whether you would be willing to receive Mr. Andersson after your press conference and say a few friendly words with regard to the Swedish Government and the Swedish people which could be transmitted to the Swedish press. I told the Minister that while I knew you would not be willing to give any special interview, in accordance with the policy you had laid down on this matter, I would submit the Minister's request to you for your decision. If you are willing to receive Mr. Andersson and say a few words to him along the lines indicated, I believe it would be very gratefully received by the Swedish Government and would undoubtedly remove all misapprehension on the part of the Swedish public.

If this suggestion is agreeable to you and you will let me know, I will see that Mr. Andersson is taken over to Steve Early's office before your next press conference.

Believe me

Faithfully yours,

A handwritten signature in black ink, appearing to be "H. H. H. H." with a stylized flourish at the end.

PSF: Welles Folder

file
confidential

THE UNDER SECRETARY OF STATE
WASHINGTON

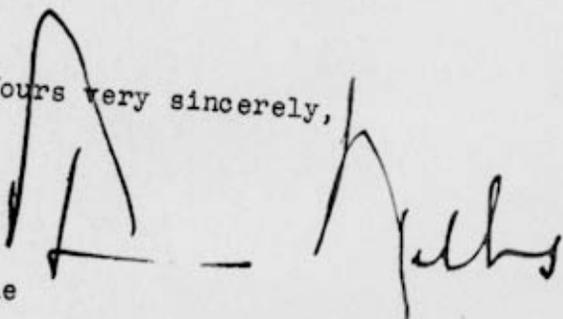
February 7, 1941.

My dear Miss LeHand:

In accordance with the request contained
in the President's memorandum of January 31,
I am returning herewith the enclosure which
the President sent to the Secretary and myself
with that memorandum.

Believe me

Yours very sincerely,



Enclosure:
Statement "The
Situation of the
Former French
Premier Leon Blum".

Miss Marguerite A. LeHand,
Secretary to the President,
The White House.

THE SITUATION OF THE FORMER FRENCH PREMIER LEON BLUM

This report was brought to the United States by a man who arrived from France about January 20, 1941. It is based on two interviews which a friend of his had with Leon Blum. The second interview, which took place shortly before Christmas, was between this friend and Blum alone, with no guards present. The fact that this was probably the only such interview, makes it necessarily confidential, for the safety of those concerned.

Leon Blum is imprisoned in the buildings of an old neglected estate in Brassat, three miles from Riom. This prison and the court were established not long ago, for the purpose of confining and trying Blum and his fellow prisoners. There are only two of these: former Premier Daladier and Generalissimo Gamelin.

Blum occupies a rather small corner room with two windows. The room is unheated. This has been an extremely cold winter with temperatures far below freezing, and Blum, who is close to seventy, suffers severely from the cold. He has repeatedly asked for a stove to be installed, but the request has not been granted. He is often unable to sleep because of the cold. There is no running water in the room, and no other sanitary arrangements. He has to call the guard for permission, and be accompanied, whenever he needs to leave the room.

This prison has no kitchen, but the prisoners are now allowed to have food brought them by a relative. Before this, the feeding was bad and inadequate, and Blum has lost about twenty pounds. Blum now has permission to have food brought to him once a day by his daughter-in-law, the wife of a son who was taken prisoner by the Germans. She has to bring the food by

bicycle from Riom, where she lives. In this way he is able to have one warm meal a day.

Blum complained much of bad treatment by the guards at the beginning, but said that this had improved. At first their treatment was brutal and disrespectful. They addressed him as "Blum", even omitting "Monsieur", and used the familiar form "tu"; but recently they have become more respectful and begun to call him "Monsieur le President".

He is allowed to have a number of French newspapers and thirty books which he needs for his work. Whenever he is physically able to write, he works on his memoirs. But the cold is the main obstacle. So far nobody has interfered with his manuscripts. Letters addressed to him are delivered to the judge of the court, but handed over to Blum after a few days.

He has no contact with the other two prisoners and has never spoken to them although they are on the same floor.

Most interesting is Blum's own report of the charges made against him. These have been changed several times. It seems that LeSueur, the prosecutor, has not found it easy to manufacture a crime supposedly committed by him. In Blum's case he did not even try, as has been done in other cases of former French leaders, to accuse him of embezzlement, fraud, or misuse of office. Blum's integrity is too well known. The first accusation against Blum was that he, as leader of the Popular Front Government, was responsible for carrying out its program which was detrimental to the welfare of the country. This accusation was brought forward in an elaborate document by the prosecutor. To this Blum replied in a written statement that the Popular Front program was not his own. His program was much more comprehensive and differed in many respects. He was called upon by the President of the Republic, after the election had shown that the people

avored the Popular Front program, to form a government on the basis of this program and to try to carry it out. The accusation should be directed against the voters, all groups and leaders of the Popular Front, and the President of the Republic. After Blum had given this answer, the charge was withdrawn.

It was followed by a second accusation: that he was responsible for the social laws which hampered the defense of the country. Blum replied that all laws were first passed by the Chamber of Deputies and the Senate. He obviously convinced the prosecutor of the weakness of these charges, and they were again withdrawn.

The third accusation, which was still standing at the time of this interview, reduced the crimes committed to inciting strikes and creating social unrest to put pressure upon employers and parliament. The testimony of two hundred witnesses had been collected by the prosecutor to prove this charge. The witnesses were mostly industrialists and included the representatives of the Employers' Committee with whom Blum had his decisive negotiations in the spring of 1936. Blum is bitter because these people falsified the facts and related untrue stories to give some foundation to these charges. He has already prepared his defense speech. He has engaged two attorneys, Shpanin and Le Troquet.

The trial was expected to take place between Christmas and New Years, but has again been postponed. In view of the charges, Blum is threatened with deportation or a term in a military fort, either in France or the colonies.

.

This was the situation at the time of the interview. The newspapers of January 28 report the text of a new constitutional act issued by the Chief of the French State, Petain. This act, according to Article V,

is applicable in the case of Blum. No trial need be held. The Chief of the State has the power to pronounce any of the following punishments, which may be either temporary or definitive:

Deprivation of political rights.

Confinement in residence under guard in France or the Colonies.

Administrative internment.

Detention in a fortified citadel.

There can hardly be any doubt that one of the motives for this act was the wish to avoid trials which might prove embarrassing to the Vichy government.

file personal

THE UNDER SECRETARY OF STATE
WASHINGTON

February 10, 1941

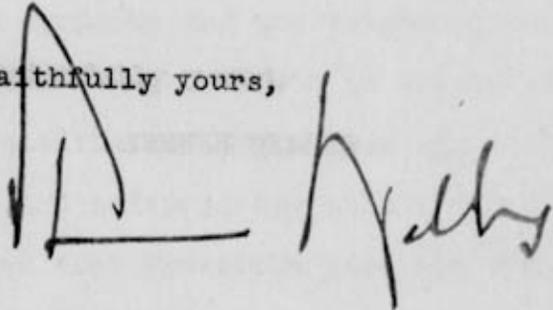
My dear Mr. President:

Since I am not sure that the attached telegram has been brought to your attention, I am enclosing a copy herewith as I believe it will be of interest to you.

Your reception of Mr. Andersson, Swedish newspaper man, last Friday would seem to have cleared up in a very gratifying way the apparent misunderstanding created by the reference to Sweden in your address of December 29.

Believe me

Faithfully yours,



Enclosure:
No. 84, February 8, 1941,
from Stockholm.

The President,

The White House.

GMW

PLAIN

Stockholm

Dated February 8, 1941

Rec'd. 6:35 p.m.

Secretary of State,
Washington.

84, Eighth.

SOCIAL DEMOKRATEN today in streamer headlined front page article with large pictures of President Roosevelt, White House, and President receiving press published statement by Alvar Andersson concerning interview granted him by President in which he states that President authorized him to tell Swedish people that he is watching fate of Sweden with greatest sympathy and understanding that he is well aware of Sweden's huge efforts to create strong defense determination to withstand any attack and will to carry Swedish democracy and independence unhurt through present crisis and states that President gave him detailed explanation of his reference to Sweden in speech some weeks ago which was criticized in Sweden and that he was made to understand that speech was not intended as criticism of Sweden but merely to explain United States' own shipments to Great Britain. President who is every day personally receiving news from Sweden expressed his deep admiration of Swedish people and grand old man King Gustaf

his

-2- 84, Eighth from Stockholm

his position among his subjects President says stronger than ever before. During conversation with President Roosevelt I was given very definite impression that he does not lack information on conditions in Sweden but he nevertheless gave me ample time to express my views and to assure him of strong sympathies enjoyed by President of United States in Sweden especially among labor classes." Andersson is a so-called "round world" reporter and states his reception by President Roosevelt was departure from rule followed throughout administration not to receive individual newspapermen for exclusive interview. Article then states, "Event may in itself be regarded as singular expression of President's desire that there must be no misconception in Sweden regarding his understanding and sympathy for our country and for its determination to maintain age old freedom and democracy."

STERLING

NPL

PSF; Welles
Folder

THE WHITE HOUSE
WASHINGTON

February 12, 1941.

MEMORANDUM FOR
THE UNDER SECRETARY OF STATE

I have read these with
great interest.

F. D. R.

Confidential Reports from
Robert Murphy on his trip to North
Africa.

PSF: Welles

THE UNDER SECRETARY OF STATE
WASHINGTON

February 10, 1941

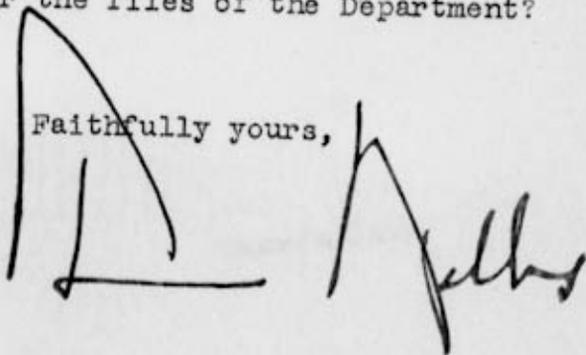
My dear Mr. President:

We have just received from Robert Murphy confidential reports on his visit to North Africa. The Secretary and I have found them of great interest and, in the belief that they will be of interest to you, I am enclosing them herewith. I think you will find them particularly illuminating in connection with the developments in the present situation in the Mediterranean.

After you have done with them, may I ask that they be returned for the files of the Department?

Believe me

Faithfully yours,

A large, stylized handwritten signature in black ink, appearing to read 'R. H. Welles'. The signature is written over the typed name 'R. H. Welles'.

Encs.

The President,

The White House.

PSF: Mills
Folder

file
journal

THE UNDER SECRETARY OF STATE
WASHINGTON

February 17, 1941

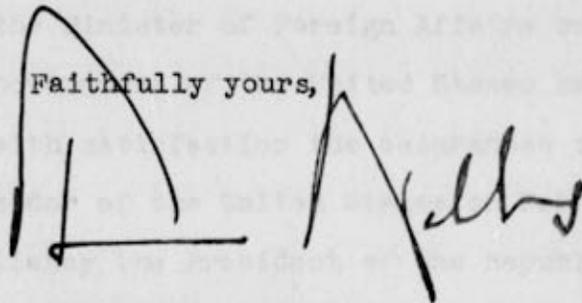
My dear Mr. President:

In view of your very full schedule for today, General Watson tells me that he is arranging for you to receive the Ambassador of Panama at noon tomorrow, February 18, instead of today.

In the belief that it may be of service to you as a memorandum when you are talking with the Ambassador, I am enclosing herewith a copy of the instruction which has been sent to our Embassy in Panama as a result of my conversation with you on Saturday.

Believe me

Faithfully yours,



Enclosure.

The President,

The White House.

COPY

TELEGRAM SENT

This telegram must be closely paraphrased before being communicated to anyone.

February 17, 1941

AMEMBASSY

PANAMA (PANAMA)

RUSH

Your 25, February 13, 5 p.m. and 27, February 14, 8 p.m.

You are requested to obtain an interview with the President of the Republic and hand him an aide-mémoire which reads as follows:

QUOTE The Government of the United States has given careful consideration to the views expressed by the Government of Panama, as set forth in the communication handed to the Ambassador of the United States by His Excellency the Minister of Foreign Affairs on February 13. The Government of the United States has likewise received with satisfaction the assurances conveyed to the Ambassador of the United States on February 14 by His Excellency the President of the Republic.

The Government of the United States, noting with pleasure the expression of the sincere desire of the Government of Panama to give its most ample cooperation to the Government of the United States in the

general defense of the hemisphere and confident as it is of the joint desire of the two Governments to fulfill the obligations incumbent upon them by reason of the General Treaty of Friendship and Cooperation, signed on March 2, 1936, refers specifically to the second paragraph of Article II of the said treaty, which reads as follows:

INNER QUOTE While both Governments agree that the requirement of further lands and waters for the enlargement of the existing facilities of the Canal appears to be improbable, they nevertheless recognize, subject to the provisions of Articles I and X of this Treaty, their joint obligation to insure the effective and continuous operation of the Canal and the preservation of its neutrality, and consequently, if, in the event of some now unforeseen contingency, the utilization of lands or waters additional to those already employed should be in fact necessary for the maintenance, sanitation or efficient operation of the Canal, or for its effective protection, the Governments of the United States of America and the Republic of Panama will agree upon such measures as it may be necessary to take in order to insure the maintenance, sanitation, efficient operation and effective protection of the Canal, in which the two

countries are jointly and vitally interested. END INNERQUOTE

The Government of the United States likewise refers to the provisions of Article X of the said treaty, which reads as follows:

INNER QUOTE In case of an international conflagration or the existence of any threat of aggression which would endanger the security of the Republic of Panama or the neutrality or security of the Panama Canal, the Governments of the United States of America and the Republic of Panama will take such measures of prevention and defense as they may consider necessary for the protection of their common interests. Any measures, in safeguarding such interests, which it shall appear essential to one Government to take, and which may affect the territory under the jurisdiction of the other Government, will be the subject of consultation between the two Governments. END INNER QUOTE

The Government of the United States has reached the conclusion that, in accordance with the provisions of the second paragraph of Article II above quoted, a contingency has now arisen not foreseen at the time of the signature of the Treaty of 1936 which requires the utilization by the United States of additional lands for the effective protection of the Canal.

The Government of the United States has likewise reached the conclusion that, in accordance with the terms of Article X of the Treaty of 1936 above quoted, an international conflagration has broken out bringing with it the existence of a threat to the security of the Panama Canal which requires the taking of measures for the defense of the Canal on the part of the Government of the United States.

These measures of defense require the utilization of certain tracts of land within the territory of the Republic of Panama and outside of the Canal Zone, which tracts have been indicated to the Government of Panama by the appropriate authorities of the United States.

The Government of the United States therefore requests of the Government of Panama that, for the reasons above cited and in accordance with the provisions of the Treaty of 1936 above quoted, the Government of Panama transfer to the authorities of the United States the said tracts of land at the earliest opportunity. The Government of the United States stands ready, in accordance with the spirit of cooperation which animates both Governments, to consult immediately with the Government of Panama in order that a satisfactory agreement may be reached covering the method of transfer and the

amounts to be fixed by agreement between the two Governments as equitable compensation for the lands whose utilization is now required.

The Government of the United States takes pleasure in stating that when and if the conditions which have now arisen and which require the utilization of the said tracts of land for the defense of the Panama Canal or for its effective protection cease to exist, the Government of the United States will return to the jurisdiction of the Republic of Panama the tracts of land in question. UNQUOTE

In your conversation with the President of the Republic, you may make it clear that the communication which you are requested to hand to him is sent by direct instruction of the President.

Ambassador Brin has been informed that the President will receive him on February 18. At that time the President will make clear to him the serious view which he takes of this continued delay on the part of the Government of Panama in carrying out its treaty obligations. The President will likewise emphasize his belief that while the Government of the United States stands always ready and willing to consider in the most friendly spirit any request which the Government of Panama may

make of it for economic or financial assistance, such requests for assistance cannot be regarded as forming any part of the discussions relating to the carrying out by the Republic of Panama of the treaty obligations incumbent upon it through the provisions of the Treaty of 1936.

PSF; Welles

THE WHITE HOUSE
WASHINGTON

February 19, 1941

PRIVATE & CONFIDENTIAL

MEMORANDUM FOR

HON. SUMNER WELLES

Referring to our talk today,
here is another suggestion for
consideration:

*Ambassador
Matsuzaka?* → When it is announced that
a certain gentleman starts for
Berlin and Rome, it might be
possible for the Secretary or you
to express a slight raising of the
eyebrows in surprise that he is
not also planning to visit Washington
on his way home!

F. D. R.

Published in
Pearl Harbor
Hearings

*BSF
Welles*

20 Feb 1941

PART 20 PAGEX 4296

Welles

THE WHITE HOUSE
WASHINGTON

February 20, 1941

PRIVATE & CONFIDENTIAL

MEMORANDUM FOR

HON. SUMNER WELLES

I have just read the purported instructions from Foreign Minister Matsuoka to Ambassador Nomura dated February 14.

Please read them.

These instructions seem to me to be the product of a mind which is deeply disturbed and unable to think quietly or logically.

F. D. R.

B. F. State

THE WHITE HOUSE
WASHINGTON

December 31, 1940

MEMORANDUM FOR THE SECRETARY OF STATE: *x20*

I have been much interested in your letter of December 20th, with enclosures, on the food situation in Europe.

x273
It follows just about what my own guess had been. I wish you would have your people prepare a prognostication for me confidentially as to what they think the food situation will be in Continental Europe on July 1, 1941, on January 1, 1942 and on May 1, 1942. This should be done by countries.

F.D.R.

File the attached letter.

x463-6
x773
x L. F. State European War

*Personal
Confidential*

DEPARTMENT OF STATE
WASHINGTON

December 20, 1940.

My dear Mr. President:

I am attaching hereto a memorandum on the food situation in Europe. This material is the result of some three months work, in close collaboration with the Department of Agriculture. x1

A study has been made of each country and it is grouped by countries, in geographical areas, indicating the actual food supplies in the different areas of the continent--such as "Axis Powers", "Occupied countries", "Southeast", "Southwest", and so forth.

Each page of the attached memorandum is devoted to a staple of food, such as wheat, sugar, corn, potatoes, and so forth, and gives a resumé of the quantity of food in each area.

Larger tables are available but are not included because they are quite voluminous, breaking down each of the areas into the different countries in that area.

Roughly

The President,

The White House.

Roughly speaking, these digests of the compilations show that there is a wheat shortage of about 23% throughout the continent of Europe, but that the corn shortage is only 3%, while there is a surplus of 5% of potatoes and of 13% of sugar.

The axis powers are apparently well provided. The southeastern countries in the Balkan group, which supply Germany in part, are also well provisioned. There is a deficiency in the occupied countries and in Spain and Portugal.

As regards other foodstuffs, one page of the attached memorandum indicates that there is no shortage of meat but that there is already a deficiency of eggs and a considerable shortage of fats and oils.

The general picture indicates that the occupied countries--except Poland--are suffering from expropriations of their livestocks made by Germany, but it does not appear that there is any shortage of meat throughout Europe generally.

The general outline also shows that Germany proper is very well supplied as regards foods, with the exception of fats and vegetable oils. It confirms our general information that expropriations of foodstuffs and livestocks in various countries occupied have been concentrated within Germany, making it much easier for

Germans at home and for members of the German army in occupied territories to receive normal rations, but it does not show that the food supply in Europe as a whole is dangerously deficient.

What it does show is that there is a lack of coordination in distribution between areas of production and areas of consumption. For instance, there is a given supply of foods of various kinds in the axis powers and in southeastern Europe, but a considerable deficiency in southwestern Europe, and also a considerable, but less marked, deficiency in northwestern Europe.

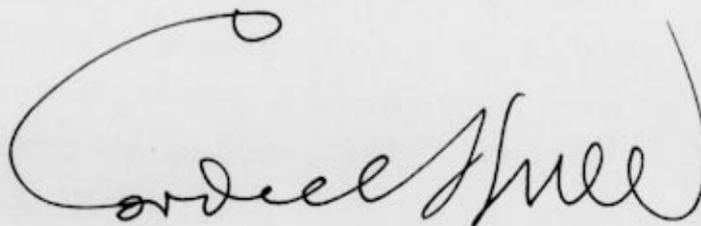
I am sending this memorandum to you with the hope that you will find time to glance at the digest of each commodity, which appear on a separate page of the memorandum. It is informative as to the actual condition and may easily be used as the basis for any further policy we may be called upon to pursue in the premises.

I may add that these tables are not static. We are continuing to get information and the tables are subject to modification day by day. Our officers abroad, under particular instructions, obtain the information and transmit it to us. It is tabulated in the Department of Agriculture, which is doing a very valuable

valuable work in this connection. I am sending a copy
of this memorandum to Mr. Norman Davis for his infor-
mation. ^{x124}

As of possible interest, I am attaching as a
sample a larger sheet from which was prepared the digest
on wheat and which will indicate how thoroughly the work
is being done. There is a similar chart for each of
thirteen elemental foods.

Faithfully yours,

A large, cursive handwritten signature, likely "Cordell Hull", written in dark ink. The signature is fluid and spans across the width of the page.

Enclosures:

1. Memorandum of
December 16, 1940.
2. Chart.

December 16, 1940

Salient Features of the European Food and Feed
Situation, 1940-41

Continental Europe as a whole does not face famine this winter and there are probably sufficient supplies of food on hand to last at least until the next harvest. The food situation is generally unsatisfactory, however, and in a number of countries, and in certain local areas thereof stringent shortages definitely prevail. These countries are primarily those occupied by Germany, such as Belgium, Norway, the so-called "Government General" of Poland, and France. In unoccupied France the situation is even worse than in the German-occupied portion, in part due to the large influx of refugees. Spain and Finland also have current food problems, and this applies in somewhat less degree to Denmark, the Netherlands, and Italy. In Germany, the total supplies appear to be sufficient to maintain food allowances at the various rationed levels until the close of the 1940-41 season.

Statistically, the current food and feed supply position for continental Europe as a whole appears to be somewhat more favorable than is actually the case. It may be seen, for instance, from the commodity sheets accompanying this summary analysis that the total 1940 estimated actual production in relation to normal consumption shows the following percentages, respectively: wheat, 77; rye, 90; barley, 80; oats, 87; corn, 97; sugar, 113; and potatoes, 105. The total meat supply in continental Europe is about normal, owing to forced slaughterings because of feed shortages. The fats and oil supply is down by possibly one-third due to the cessation of oilseed imports caused by blockade.

Rationing obtains in Germany, all of the German-occupied areas, Italy, Spain and most of the other countries of continental Europe in varying degrees, whereby normal consumption for most of the rationed items is substantially reduced except for certain preferred categories. In many cases the reduction from normal consumption ranges from 10 to 25 percent, or more. In view of the fairly favorable percentages which continental Europe's own production in 1940 represents of normal consumption for wheat, rye, oats, barley, potatoes, and sugar, as stated above, it might seem that the current food and feed situation is less unfavorable than is actually the case. This would be an unwarranted assumption, however, for the reason that it fails to take into consideration the matter of distribution between countries and, to some extent, distribution within the respective countries comprising continental Europe.

In fact, an equitable distribution between countries, and particularly those which are German-occupied, of continental Europe's total available supplies of food and feed is the crux of the present problem and, in this regard, Germany holds the key to a satisfactory solution of that problem. The German Reich is the largest agricultural producer

in Europe (excluding Russia), has the largest food reserves on hand, and exercises military control over several other countries of varying agricultural importance - Denmark, Norway, Belgium, the Netherlands, and France, as well as Czechoslovakia, and the most important farm area of Poland. Most of the remaining countries of continental Europe appear to fall within Germany's wartime orbit.

Thus Germany controls either directly or indirectly the main transportation lines of most of continental Europe. However, there are no indications thus far that Germany has taken any steps to facilitate the shipment of foodstuffs from surplus countries in southeastern Europe through the Reich with the German-occupied areas of Western Europe, nor is there any indication that Germany will share its ample reserves of certain foodstuffs with deficit areas. (All official and semi-official pronouncements thus far are to the effect that the Reich has no moral or legal responsibility in this regard.)

On the contrary, considerable quantities of foodstuffs, particularly livestock products, have been shipped from the occupied areas to the Reich proper or have been earmarked for consumption by the forces of occupation. This has contributed, of course, to a worsening of the food situation in the German-occupied areas. Aside from this, however, 3 chief factors jeopardize food distribution in these occupied countries (including unoccupied France as well), namely, (1) short supplies in relation to total food requirements; (2) insufficient purchasing power on the part of a large share of the population even for the restricted food supplies available, owing to the economic and industrial dislocation brought about by the German occupation; and (3) insufficient transportation facilities, occasioned in part by German requisition of railway rolling stock and gasoline supplies, and damage to physical equipment through wartime operation.

All continental Europe, however, has been subjected more or less, to certain transportation difficulties since the outbreak of the present war, as a result of military mobilization, demobilizations, and so on, as well as by the discontinuation, on account of the blockade, of certain water routes formerly utilized for the transport of bulky food and feeds. Exaggerated emphasis should not be given to existing or potential transport difficulties over continental Europe's main railway lines, however. Food and feed could be moved rapidly from surplus areas or from German reserve stocks into any particular area where distress conditions might prevail; this would depend, of course, on German political, military, and economic policy at any particular juncture.

Office of Foreign Agricultural Relations.

Approximation of Self-Sufficiency of Foods and Feeds
in Continental Europe: Wheat

Group	Normal		Normal percentage: self- sufficiency:	1940 Production	
	production:	consumption:		Estimated actual	Percentage normal consumption
	Million bushels	Million bushels		Million bushels	Percent
Axis Powers <u>a/</u>	729	729	100	634	87
Southeast <u>b/</u>	170	175	97	167	95
Occupied Countries <u>c/</u>	348	435	80	235	54
North & west <u>d/</u>	36	56	64	28	50
Southwest <u>e/</u>	160	160	100	135	84
Total	1,443	1,555	93	1,199	77

COMMENT

Continental Europe - (Exclusive of Soviet Union)

This area normally produces 1,443,000,000 bushels of wheat and consumes 1,555,000,000 bushels. In 1940 the production was approximated at 1,199,000,000 bushels or 77 percent of normal.

Normally France produces 300,000,000 bushels of wheat and consumes 306,000,000 bushels. The production in 1940 was 200,000,000 bushels or 65 percent of normal consumption. The larger part of the wheat was produced in "occupied France."

Normally Belgium and Luxemburg produce 17,000,000 bushels of wheat and consume 57,000,000 bushels. The production in 1940 was approximately 11,000,000 bushels or 19 percent of normal.

Spain normally produces and consumes 143,000,000 bushels. The production in 1940 is approximated at 121,000,000 bushels or 85 percent of normal.

The above adverse situations are modified by stocks, the quantity and availability of which are not known.

a/ Old Reich, Austria, Czechoslovakia, Germany, Poland including Government General, Italy, Albania, Hungary, Residual Rumania. b/ Greece, Yugoslavia, Bulgaria. c/ Denmark, Norway, Netherlands, Luxemburg, Belgium, France. d/ Finland, Sweden, Switzerland. e/ Spain and Portugal.

Office of Foreign Agricultural Relations.

12/16/40

~~CONFIDENTIAL~~RYE

Approximation of Self-sufficiency of Foods and Feeds
in Continental Europe: Rye

Group	Normal		Normal percentage self- sufficiency	1940 Production	
	production	consumption		Estimated actual	Percentage normal consumption
	Million bushels	Million bushels	Percent	Million bushels	Percent
Axis Powers <u>a/</u>	604	594	102	564	95
Southeast <u>b/</u>	18	18	100	17	94
Occupied Countries <u>c/</u>	77	97	79	63	65
North & West <u>d/</u>	33	35	94	21	60
Southwest <u>e/</u>	25	25	100	30	120
Total.....	757	769	98	695	90

COMMENT

Continental Europe - (Exclusive of Soviet Union)

This area normally produces 757,000,000 bushels of rye and consumes 769,000,000 bushels. In 1940, the production of rye was approximated at 695,000,000 bushels or 90 percent of normal production.

France normally produces and consumes 31,000,000 bushels of rye. In 1940, the production was approximated at 23,000,000 bushels or 74 percent of normal consumption.

Belgium and Luxemburg normally produce 18,000,000 bushels of rye and consume 23,000,000 bushels. In 1940, the production of rye was approximated at 12,000,000 bushels or 52 percent of normal consumption.

Spain normally produces and consumes 21,000,000 bushels of rye. In 1940, the production of rye was approximated at 28,000,000 bushels or 133 percent of normal consumption.

a/ Old Reich, Austria, Czechoslovakia, Germany, Poland including Government General, Italy, Albania, Hungary, Residual Rumania. b/ Greece, Yugoslavia, Bulgaria. c/ Denmark, Norway, Netherlands, Luxemburg, Belgium, France. d/ Finland, Sweden, Switzerland. e/ Spain and Portugal.

Office of Foreign Agricultural Relations.

Approximation of Self-Sufficiency of Foods and Feeds
in Continental Europe: Corn

Group	Normal	Normal	Normal	1940 Production	
	production	consumption	percentage self-sufficiency	Estimated actual	Percentage normal consumption
	Million bushels	Million bushels	Percent	Million bushels	Percent
Axis Powers <u>a/</u>	379	399	95	446	112
Southeast <u>b/</u>	222	203	109	257	127
Occupied countries <u>c/</u>	20	133	15	17	13
North & west <u>d/</u>	-	4	-	-	-
Southwest <u>e/</u>	41	44	93	37	84
Total	662	783	85	757	97

COMMENT

Continental Europe (Exclusive of Soviet Union) -

This area (for the most part Italy and the Danube Basin) normally produces 662,000,000 bushels of corn and consumes 783,000,000 bushels. In 1940 the production was approximated at 757,000,000 bushels or 97 percent of normal consumption.

France normally produces 20,000,000 bushels of corn and consumes 47,000,000 bushels. In 1940 the production of corn was approximated at 27,000,000 bushels or 58 percent of normal consumption.

Belgium produced no corn but normally imported and consumed an average of 30,000,000 bushels. The blockade has shut off this feedstuff supply.

The shipment of livestock to Germany and forced slaughterings have probably reduced the corn requirement of both France and Belgium.

Spain normally produces 29,000,000 bushels of corn and consumes 31,000,000 bushels. In 1940 the production of corn was approximated at 25,000,000 bushels or 81 percent of normal consumption.

a/ Old Reich, Austria, Czechoslovakia, Germany, Poland including Government General, Italy, Albania, Hungary, Residual Rumania. b/ Greece, Yugoslavia, Bulgaria. c/ Denmark, Norway, Netherlands, Luxemburg, Belgium, France. d/ Finland, Sweden, Switzerland. e/ Spain and Portugal.

Office of Foreign Agricultural Relations.

Approximation of Self-Sufficiency of Foods and Feeds
in Continental Europe: Oats

Group	Normal	Normal	Normal	1940 Production	
	production:	consumption:	percentage:	Estimated	Percentage
	Million	Million	Percent	actual	normal
	bushels	bushels	Percent	bushels	consumption
Axis Powers <u>a/</u>	709	716	99	672	94
Southeast <u>b/</u>	39	39	100	39	100
Occupied countries <u>c/</u>	466	474	98	377	80
North & west <u>d/</u>	132	148	89	120	81
Southwest <u>e/</u> ...	51	51	100	37	73
Total	1,397	1,428	98	1,245	87

COMMENT

Continental Europe (Exclusive of Soviet Union)

This area normally produces 1,397,000,000 bushels of oats and consumes 1,428,000,000 bushels. In 1940 the production was approximated at 1,245,000,000 bushels or 87 percent of normal consumption.

France normally produces 318,000,000 bushels of oats and consumes 320,000,000 bushels. In 1940 the production was approximated at 255,000,000 bushels or 80 percent of normal consumption.

Belgium and Luxemburg normally produce 48,000,000 bushels of oats and consume 50,000,000 bushels. In 1940 the production was estimated at 31,000,000 bushels or 62 percent of normal consumption.

The shipment of livestock to Germany and forced slaughterings have probably reduced the requirement for oats in both France and Belgium.

Spain normally produces and consumes 45,000,000 bushels of oats. In 1940 the production of oats was approximated at 35,000,000 bushels or 78 percent of normal consumption.

a/ Old Reich, Austria, Czechoslovakia, Germany, Poland including Government General, Italy, Albania, Hungary, Residual Rumania. b/ Greece, Yugoslavia, Bulgaria. c/ Denmark, Norway, Netherlands, Luxemburg, Belgium, France. d/ Finland, Sweden, Switzerland. e/ Spain and Portugal.

Office of Foreign Agricultural Relations.

Approximation of Self-sufficiency of Foods and Feeds
in Continental Europe: Barley

Group	Normal	Normal	Normal	1940 Production	
	production	consumption	percentage self-sufficiency	Estimated actual	Percentage normal consumption
	Million bushels	Million bushels	Percent	Million bushels	Percent
Axis Powers <u>a/</u>	333	325	102	294	90
Southeast <u>b/</u>	44	43	102	39	91
Occupied Countries <u>c/</u>	108	148	73	93	63
North & West <u>d/</u>	18	24	75	16	67
Southwest <u>e/</u>	109	109	100	77	71
Total.....	612	649	94	519	80

COMMENT

Continental Europe - (Exclusive of Soviet Union)

Normally, production of barley was about 612,000,000 bushels and consumption about 649,000,000 bushels. In 1940, the production was approximated at 519,000,000 bushels or 80 percent of normal consumption.

Normally, France produces 48,000,000 bushels of barley and consumes 57,000,000 bushels. In 1940, the production was approximated at 39,000,000 bushels or 68 percent of normal consumption.

Normally, Belgium produces 4,000,000 bushels of barley and consumes 22,000,000 bushels. In 1940, the production was approximated at 3,000,000 bushels or 18 percent of normal consumption.

Shipment of livestock to Germany and forced slaughtering have probably decreased the requirement for feeding barley in both France and Belgium.

Spain normally produces and consumes 107,000,000 bushels of barley. In 1940, the production was approximated at 92,000,000 bushels or 86 percent of normal consumption.

a/ Old Reich, Austria, Czechoslovakia, Germany, Poland including Government General, Italy, Albania, Hungary, Residual Rumania. b/ Greece, Yugoslavia, Bulgaria. c/ Denmark, Norway, Netherlands, Luxemburg, Belgium, France. d/ Finland, Sweden, Switzerland. e/ Spain and Portugal.

Office of Foreign Agricultural Relations.

Approximation of Self-Sufficiency of Foods and Feeds
in Continental Europe: Potatoes

Group	Normal	Normal	Normal	1940 Production	
	production	consumption	percentage	Estimated	Percentage
			self-	actual	normal
			sufficiency		consumption
	Million	Million		Million	
	bushels	bushels	Percent	bushels	Percent
Axis Powers <u>a/</u>	3,292	3,295	100	3,719	113
Southeast <u>b/</u> ..	69	69	100	77	112
Occupied countries <u>c/</u>	880	871	99	680	77
North & west <u>d/</u>	142	144	101	145	102
Southwest <u>e/</u> ...	197	195	100	197	100
Total	4,580	4,574	100	4,818	105

COMMENT

Continental Europe - (Exclusive of Soviet Union)

Normally, production and consumption about 4,600,000,000 bushels of potatoes. This year production is approximately at 4,800,000 bushels or 105 percent of normal.

Normally France produces 582,000,000 bushels of potatoes and consumes 583,000,000 bushels. The production in 1940 was approximated at 425,000,000 bushels or 73 percent of normal consumption.

Belgium normally produces 116,000,000 bushels of potatoes and consumes 117,000,000 bushels. The production in 1940 was approximately 90,000,000 bushels or 77 percent of normal consumption.

Spain normally produces 177,000,000 bushels of potatoes and consumes 170,000,000 bushels. The production in 1940 was probably sufficient to cover normal consumption.

a/ Old Reich, Austria, Czechoslovakia, Germany, Poland including Government General, Italy, Albania, Hungary, Residual Rumania.

b/ Greece, Yugoslavia, Bulgaria.

c/ Denmark, Norway, Netherlands, Luxemburg, Belgium, France.

d/ Finland, Sweden, Switzerland.

e/ Spain and Portugal.

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	production	consumption	self-	Forecasted	Percentage
	1,000	1,000	sufficiency:	1,000	normal
	short tons	short tons	Percent	short tons	consumption
Axis Powers <u>a/</u>	3,447	3,112	111	4,436	143
Southeast <u>b/</u>	96	175	55	169	97
Occupied Countries <u>c/</u>	1,732	2,070	84	1,966	95
North & West <u>d/</u>	305	572	53	370	65
Southwest <u>e/</u>	265	339	78	122	36
Total.....	5,845	6,268	93	7,063	113

COMMENT

Continental Europe - (Exclusive of Soviet Union)

This area normally produces 5,845,000 short tons of sugar and consumes 6,268,000 short tons. If all the sugar beets produced in 1940 in Continental Europe were run through the mills, the 1940 sugar production would be 7,063,000 short tons or 113 percent of normal consumption. It is probable, however, that a considerable proportion of the 1940 beet production will be utilized for feeding livestock.

France normally produces 1,004,000 short tons of sugar and consumes 1,151,000 short tons. Assuming that all the 1940 French production of sugar beets grown in France is run through the mills, the potential production of sugar is forecasted at 1,170,000 short tons or 99 percent of normal consumption.

Belgium and Luxemburg normally produce 249,000 short tons of sugar and consume 273,000 short tons. Assuming that all of the 1940 Belgian production of sugar beets is run through the mills, the potential production of sugar is forecasted at 290,000 short tons or 106 percent of normal consumption.

Spain normally produces and consumes 265,000 short tons of sugar. Assuming that all of the Spanish 1940 production of sugar beets is run through the mills, the potential production of sugar is forecasted at 134,000 short tons or 50 percent of normal consumption.

a/ Old Reich, Austria, Czechoslovakia, Germany, Poland including Government General, Italy, Albania, Hungary, Residual Rumania. b/ Greece, Yugoslavia,

12/16/40

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MEATS

Comment on the Meat Situation in Continental Europe

Taken as a whole the Continent of Europe has normally been more than self-sufficient as regards meats. Negligible imports of beef from overseas were more than balanced by a net export of bacon and ham to the United Kingdom. This export meat industry was largely based on imported feedstuffs which were also utilized in some regions in production for domestic consumption. When the blockade shut off the British market and the overseas supply of feeds, livestock were moved from the occupied countries to Germany. Larger than normal numbers were also slaughtered. These factors have reduced the potential meat supply in the Netherlands, Belgium, and France.

France normally is almost self-sufficient in meats, except for the importation of sheep from North Africa. For the current season indications are that the supply of meats will be considerably reduced. Much livestock in Northern France has perished during the war and during the large-scale exodus of farm population from the combat area. Livestock from both occupied and unoccupied France is said to have been removed to Germany. Above normal sales from farms may have been necessitated by a shortage of feedstuffs, and shipments to Germany may have been stimulated by the limited capacity of cold storage facilities within France. Meat rations now in force are small.

Belgium, also, was normally almost self-sufficient in respect to meat. For similar reasons as in France, meat supplies for 1940-41 in Belgium will be short, and there is the added difficulty that the Belgian livestock industry is dependent on imported feed supplies to a larger extent than is that of France. Present meat rations seem to be about 75 percent of normal.

Normally Spain is practically self-sufficient in regard to meat, though there have been occasional imports of beef and mutton from Portugal. It is impossible to form an adequate opinion as to the situation in 1940-41. The ravages of the civil war have destroyed much of the country's productive capacity, and it is believed that the livestock industry has not been exempt. Reports from our mission in Madrid, at any rate, indicate a very unsatisfactory general food situation in Spain.

Office of Foreign Agricultural Relations.

Office of Foreign Agricultural Relations.

12/16/40

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EGGS

Comment on the Egg Situation in Continental Europe

Normally the Continent of Europe produced more than its full requirement of eggs. Substantial surpluses used to be shipped to the United Kingdom, though some of them were based upon the importation of overseas feed supplies. Reports as to the present situation and outlook for 1940-41 indicate that reductions in the number of poultry on hand have been considerable in Western or Northern Europe, and that the commercial production of eggs is being drastically curtailed in such countries as Denmark and the Netherlands - formerly large exporters of eggs to the United Kingdom, and importers of feed.

There is no information available as to the present situation in eggs in France and Spain. France normally imported only a fraction of her requirements, while Spain's imports were perhaps as much as 20 percent of total consumption. The present supply situation in both countries is probably unsatisfactory since there is a lack of feed, at any rate for commercial producers. Belgium, normally exporting around 10 percent of its production, is facing a considerable shortage this season. It is said that consumption this season will be only about half of normal, since production is expected to fall to between 40 and 50 percent of the pre-war average.

Office of Foreign Agricultural Relations.

Comment on the Fats and Oils Situation in Continental Europe

Edible fats and oils as a group comprise Continental Europe's outstanding basic deficit in the food picture. In representative years before the outbreak of the present war, the Continent, as a whole, had to cover about one-third of its total needs in fats and oils by imports from overseas sources.

Continental Europe's normal consumption of edible fats and oils totals around 5,700,000 metric tons, of which 2,850,000 tons represent vegetable oils, around 330,000 tons marine oils, and the remainder animal fats and oils. In regard to animal fats, Continental Europe has been largely self-sufficient in recent years. This applies in somewhat less degree to marine oils. Consequently, it is in the group of vegetable oils that the very large deficit - almost 70 percent for this group - has existed. This has been met largely by the importation of oilseeds for oil extraction in continental crushing mills, largely for the manufacture of margarine and cooking fats. The oilcake residue obtained in this manner represented a very valuable protein feed for dairy cattle. The existing blockade has greatly reduced or exhausted stocks in most of the importing countries. This in turn, owing to the resultant shortage of oilcake and oilmeal for dairy cattle will result in a drop in total milk output in a number of countries thereby tending to reduce also the amount of butter customarily produced. Moreover, the enforced slaughter of cattle, including dairy cows in some instances, owing to the general shortage of feedstuffs in several countries will also adversely affect the butter and milk supply situation.

The current supply situation in France - both occupied and unoccupied - in regard to fats and oils is unsatisfactory. This is due to a large extent to the partial cessation of vegetable oil imports which account normally for about 97 percent or around 415,000 metric tons, of the total vegetable oil consumption. Internal transportation difficulties account in part for insufficient butter distribution. Similar conditions obtain in Belgium in regard to edible oils and fats, where the normal consumption of vegetable oils totals 60,000 metric tons, all of which is imported. In Spain, the unsatisfactory supply situation is due chiefly to poor distribution - inadequate transport facilities - as well as reduced purchasing power of the consumers. Relatively little butter and lard is consumed in Spain; olive oil, of which the country produces no export surplus, accounts for the great bulk of Spain's needs. Normal consumption of olive oil totals around 330,000 metric tons and normal exports about 30,000 tons.

Office of Foreign Agricultural Relations

Country	PRODUCTION				NET INTERNATIONAL TRADE								COMPARISON BASES				1940-41	
	COMPARISON BASES				IMPORTS				EXPORTS				CONSUMPTION, STOCKS, ETC.				July 1 to June 30	Surplus/Deficit
	Normal	1938	1939	1940	Normal	1938-39	1939-40	Normal	1938-39	1939-40	Normal	1938-39	1939-40	Normal	1938-39	1939-40		
a/	b/	b/	b/	b/	b/	b/	b/	b/	b/	b/	b/	b/	b/	b/	b/	b/		
AXIS POWERS																		
Old Reich	197	200	170	9	37						126	242						
Austria	14	16		9	4						23	20					29	
Czechoslovakia	58	67	(40)	35		5	2		1		56	66					21	
German Poland	44	46	48	33					2		42	44					7	
Italy	267	301	235	252	17	14	(1 mo)	2			204	315					12	
Albania	2	2	2	2							2	2						
Hungary	115	118	120	75					19	20	(2 mo)	50	72	27			1	
Residual Rumania	78	119	110	91					12	12	30	(2 mo)	64	59	25		15	
Total	729	871	687	624	35	55		35	61		729	865					92	
SOUTHEAST																		
Greece	25	26	28	29	16	14	(2 mo)	11			42	20					15	
Yugoslavia	56	111	108	73				6	5	10	50	106	25				7	
Bulgaria	58	55	70	60				15	5	(2 mo)	7	23	21	71			7	
Total	170	252	226	167	16	14		11	10		178	227					29	
OCCUPIED COUNTRIES																		
Denmark	15	17	15	7	11	5	(2 mo)	2			24	22					17	
Norway	2	3	3	3	2	2	(9 mo)	11			10	11					7	
Netherlands	16	15	18	12	22	29	(9 mo)	22			28	36					26	
Luxemburg	1	2	1	1	40	39	(6 mo)	21			27	21					46	
Belgium	16	20	13	10														
France	200	260	207	200	6				2	(2 mo)	2	202	222				108	
Total	248	408	327	226	67	21			2		428	407					200	
NORTH AND WEST																		
Finland	2	9	2	6	4	2	(2 mo)	2			9	11					5	
Sweden	22	30	21	17		2	(2 mo)	5	1		24	22					7	
Switzerland	6	2	6	5	17	17	(2 mo)	11			22	22					15	
Total	36	47	29	28	21	21		1			56	55					27	
Blockaded countries	1,202	1,529	1,421	1,064	159	171		47	75		1,202	1,607					244	
SOUTHWEST																		
Spain	143	96	106	121							143						22	
Portugal	17	16	19	14		4		1			17	20	20				5	
Total Continent	1,443	1,671	1,556	1,099	159	176					1,285	1,677					269	
EAST																		
Soviet Union	1,202	1,494						1	25		1,202							
Baltic States	12	19	20	15				1	1		17	12					2	
Soviet Poland	22	24	25	22				1	1		21	22					6	
Soviet Rumania	22	22	22	22				2	2	2	19	22	22				9	
Total Soviet	1,278	1,598						2	28		1,280							
United Kingdom	62	73	62	70	202	220	(2 mo)	42			252	223					195	
Ireland	2	7	10	10	16	17	(2 mo)	2			21	24					11	
TOTAL EUROPE	2,700	3,345			378	412					2,991							
ASIA																		
Turkey	112	127	149	170				1	3		112	127	126				60	
NORTH AFRICA																		
Algeria	24	28	42	22				1	10	1	24	27					4	
Libya	1			1	2						2						1	
Morocco (French)	24	22	29	24				1	4	1	20	19					4	
Tunisia	13	14	19	17				1	3	1	10	12					7	

a/ Average 1933-1937 except as noted. b/ Average crop years July 1 to June 30, 1933-34 to 1937-38 except as noted. c/ Four-year average 1932 to 1936. Does not include 1937 because in that year, although the production was 204,220,000 bushels, the imports from August 1 to July 31 totaled 37,856,000 bushels indicating a total supply of 242,076,000 bushels. Assuming an average consumption of 128,000,000 bushels would indicate that more than 50,000,000 bushels went into storage. d/ Average four crop years August 1 to July 31, 1933-34 to 1936-37. e/ Territories of former Poland under German domination including Government General. Production and export surplus estimated on the basis of 1938 statistics to be 26 percent of that of former Poland. f/ Included allowance for territories annexed from former Rumania (see footnote G). g/ Residual Rumania. Based on 1938 statistics, it is tentatively estimated that 67 percent of the production of the wheat of former Rumania was produced in Residual Rumania. The ceded territories are likewise estimated to have produced the following percentages: to the Soviet Union 20 percent, to Hungary 9 percent and to Bulgaria 4 percent. h/ Northern Transylvania produced no export surplus of wheat. The exports of former Rumania are apportioned among the other territories in proportion to the production; that is, Residual Rumania 74 percent, Soviet Rumania and Bukovina 22 percent and Bulgarian Dobruja 4 percent. i/ See footnotes G and H. j/ Less than 500,000 bushels. k/ Approximation by I.I.A. l/ I.I.A. crop years August 1 to July 31. m/ Turkey in Europe and Asia.

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DEPARTMENT OF STATE
WASHINGTON

~~STRICTLY CONFIDENTIAL~~

February 21, 1941.

My dear Mr. President:

On December 20 we sent to you under covering letter charts and comments on the existing food situation in Europe. Under date of December 31 you asked us to prepare a prognosis for your confidential use as to what the food situation would be in Continental Europe on July 1, 1941, on January 1, 1942 and on May 1, 1942-- to be done by countries.

Conforming to your request we have now prepared such a prognosis. It is transmitted herewith.

The material enclosed covers the situation as it may be on July 1, 1941, on January 1, 1942 and on May 1, 1942 and is divided into three parts, as follows:

Part 1--the probable food situation in Continental Europe as of those dates;

Part 2--the general outlook in certain specified or groups of countries as of those dates;

Part 3--detailed numerical forecasts in the form

The President, of
The White House.

of tables for certain major food and feed farm products.

We have given some careful study to the statements and tabulations but not yet nearly as much as they merit. However, in presenting the matter to you it seems proper to point out several matters of a political nature on which these studies now developed may have a particular bearing.

First, the chief and most important development is that Germany has plenty of food today, will have a sufficiency of food on January 1, 1942 and will have a sufficiency of food on May 1, 1942 to maintain present rationing--with the exception of fats and vegetable oils. Of course animal fats and vegetable oils are important to the German diet; but the fact remains in spite of the absence of sufficient food quantities of that character that Germany will have sufficient food to sustain her people. In other words, the British blockade is not having the anticipated effect upon the sufficiency of food supplies available to people within Germany itself (including Austria, Czechoslovakia and Western Poland).

The second important element which has a political bearing developed by this study is that the sections of Europe which are mostly in need of food and where the productiveness is insufficient to supply the populations

are

are in Western Europe--i.e. countries along the Atlantic seaboard which normally are accessible to the United States for the purchase and importation of food supplies. This fact may be used with increasing effect by Germany to stigmatize the British blockade and to build up a resentment against England on the part of the people in those countries under the allegation that it is England whose practices are preventing the people from obtaining food rather than the acts of Germany.

Generally speaking, the charts indicate that during the crop year 1941 - 1942 there probably will be no improvement in the total quantity of food available throughout the continent of Europe, quite aside from any imports which may be received from Russian and Eastern sources.

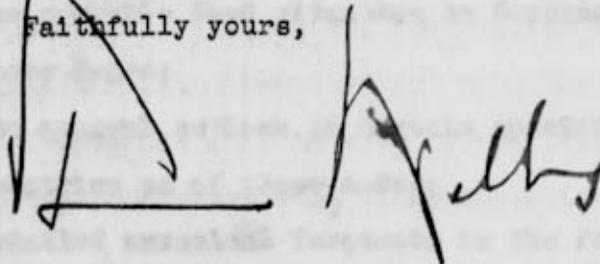
However, in the Axis powers and in countries under the control of the Axis (that is, Germany, Italy, and the occupied countries) the food supply produced will approximate a sufficient quantity of food to maintain present rationing. In addition there are the possibilities for importing into that area food grown in South-eastern Europe and additional possibilities from Russia, with the understanding that the supplies to be obtained from Russia, because of difficulties in transportation
overland

overland and obstacles to water carriage through the Black Sea and the Dardanelles, may not be as important help as probably is intended by the authorities in Germany.

While these studies at first glance will seem bulky, I am sure you will soon appreciate that they are unusually compact treatises on three phases of the subject matter about which you have requested to be informed.

In closing may I say that this again constitutes evidence of a collaboration between the Department of Agriculture and the Department of State. Through the collection of material by the agents of the Department of State abroad, and by virtue of their careful analysis in the Department of Agriculture in the Office of Foreign Agricultural Relations, this collaboration has been effected and the materials gathered made possible of presentation in this form.

Faithfully yours,

A handwritten signature in dark ink, appearing to read "H. H. Hays". The signature is written in a cursive style with a large initial "H" and a long horizontal stroke extending to the right.

Enclosure:

Memorandum.

#1
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DEPARTMENT OF AGRICULTURE

Office of Foreign Agricultural Relations

Confidential Memorandum Part I

February 8, 1941

PROSPECTIVE CONTINENTAL EUROPEAN FOOD AND FEED SITUATION
ON JULY 1, 1941, JANUARY 1 AND MAY 1, 1942, RESPECTIVELY

SUMMARY

UNITED STATES DEPARTMENT OF AGRICULTURE
Office of Foreign Agricultural Relations

~~STRICTLY CONFIDENTIAL~~

~~CONFIDENTIAL MEMORANDUM~~

February 4, 1941.

PROSPECTIVE CONTINENTAL EUROPEAN FOOD AND FEED SITUATION
ON JULY 1, 1941, JANUARY 1 AND MAY 1, 1942, RESPECTIVELY

The generally unsatisfactory food and feed situation in Continental Europe was described in a confidential memorandum dated December 16, 1940. In the light of the information contained therein and additional data secured since that time, the following forecasts are made as to the supplies that are likely to exist on July 1, 1941 and on January 1 and May 1, 1942, respectively. These forecasts assume the continuation of an effective British blockade.

1. - The probable situation on July 1, 1941.

Because of insufficient production of food and feed in Continental Europe in 1940 the reserve supplies to be carried into the 1941-42 season will undoubtedly be less than the quantity carried into the preceding season in spite of steadily increased restrictions on consumption during the current crop year. The situation as regards reserve supplies will be substantially worse in the occupied territory, in unoccupied France, and in Italy than it will be in Central Europe, especially in Germany, where the largest food reserves in Europe are held.

2. - The probable situation on January 1, 1942.

The situation as to European food supplies on January 1, 1942 will depend largely on (a) the size of European production in 1941 and

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(b) the possibility of imports from Russia.

The aggregate production of food for the population of Continental Europe is not likely to be larger in 1941 than the actual production of 1940. And in 1940 the production was such as to necessitate substantial withdrawals from reserve supplies carried into that crop year.

A larger Continental European wheat and rye production in 1941 may be expected because of some increase in the acreage for harvest and a somewhat more favorable growing season.

Root crop production in 1941 will probably be under the high production of 1940. There is not likely to be another year of such favorable growing conditions as prevailed in 1940 and yields are likely to be smaller because of reductions in labor supply, draft power, and fertilizer, especially phosphates. This comment also applies to corn production in the Danube Basin.

The output of livestock products in Continental Europe is likely to be considerably smaller because of the depletion of livestock numbers on the Continent in 1940. Furthermore, the liquidation of livestock, which added substantially to meat supplies in 1940, is not likely to continue at the same rate in 1941.

The odds are against Central and Western Europe's obtaining any significant quantity of food from Russia in 1941-42. Winter grain acreage in Russia, which is smaller than spring sown acreage, is apparently up but the chances are against as good a growing season as apparently prevailed in Russia in 1940. Moreover, transportation difficulties are

likely to present a serious obstacle to heavy shipments of food from Russia even though Russian supplies are plentiful and the Russian Government as a matter of policy wishes to make heavy shipments. The important fact is that the most efficient route for transportation into Central and Western Europe, namely through Black Sea ports and the Mediterranean, is not under present conditions available.

3. - The probable situation on May 1, 1942.

In view of the situation as to food production in 1941 outlined above, even assuming a continued tightening of rations during the crop year, the aggregate food supplies available in Continental Europe on May 1, 1942 are likely to be substantially reduced as compared with the supplies which will be available in the spring of 1941. The supplies of bread may be larger than in the spring of 1941 but there is little doubt that the reduction in supplies of fats, meats and other animal products will much more than offset any likely increase in bread supplies.

The following section describes in some detail the situations likely to prevail in different countries and regions in Continental Europe during the 1941-42 crop year.

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DEPARTMENT OF AGRICULTURE

Office of Foreign Agricultural Relations

Confidential Memorandum Part II

February 8, 1941

PROSPECTIVE CONTINENTAL EUROPEAN FOOD AND FEED SITUATION
ON JULY 1, 1941, JANUARY 1 AND MAY 1, 1942, RESPECTIVELY

SITUATION BY COUNTRIES

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SITUATION BY COUNTRIES

CENTRAL EUROPE: GERMANY, AUSTRIA, CZECHOSLOVAKIA, POLAND

As far as information available to date permits of any conclusions, it seems improbable that the food situation in Germany will deteriorate in the near future. There are reasons to assume that little change in the German position will occur between now and the beginning of the new season. Supplies of bread grains, potatoes, and sugar are ample. The fat and meat rations will probably also be maintained, though this will necessitate inroads upon previously accumulated reserves. Consumption of fruits and vegetables will continue at the present much reduced basis. Germany will enter the new crop year with substantial carry-over stocks of bread grains, and probably also certain stocks of frozen and otherwise preserved meat, butter and eggs.

For the situation in the new crop year 1941/42, the outturn of the 1941 harvests in central and southeastern Europe will be of vital importance. Unless crops are considerably below normal, no drastic changes in the supply to consumers of bread, potatoes, sugar or meat are to be expected. It is quite possible, however, that the position in edible fats and oils may deteriorate in the second half of 1941. A definite forecast regarding this point does not seem feasible since so much depends on the reserve stocks now on hand, the size of which is not known. In any case, supplies of butter from Denmark and the Netherlands in the summer of 1941 will most certainly be much smaller than those of 1940 (which were partly added to the German fat reserve). Reserve supplies of meat will also have to be drawn upon through 1941 if existing rations are to be main-

tained; in 1940 these reserves had been augmented from non-recurrent imports from emergency slaughter in western and northern Europe. The meat situation may later be helped by the expansion of hog-breeding operations now under way, with increased supplies to become marketable at the end of 1941 and in the first half of 1942. There may be some improvement in fruit supplies, compared to 1940/41, a season characterized by fruit crop failures. Fresh milk supplies to consumers, practically only available to children and nursing mothers, will continue extremely low.

On the other hand, should crops in 1941 turn out poor a reduction of existing rations of a number of foods before May 1, 1942 would be necessary. Short crops would necessitate heavy inroads upon the bread-grain reserve and would require a reduction in livestock numbers unless offset by larger grain imports. In such a case, the probable policy of the authorities would be to tighten consumption at an early date so as to stretch supplies over a longer period, especially in respect to meats and fats.

The 1941 crop outlook

The International Institute of Agriculture reports a favorable outlook for wheat in central Europe, except for Hungary. In Germany proper, Austria, Czechoslovakia, and German-controlled Poland, every effort will doubtless be made to safeguard agricultural production. The labor shortage of a year ago seems to have been somewhat alleviated. A sizeable number of prisoners of war and workers from the overpopulated agricultural regions of eastern Europe have been added to the labor supply in German agriculture.

In contrast to conditions elsewhere, shortages of labor and draft power in central Europe are not likely to be serious factors in the crop outlook for 1941, but will play a certain role. Furthermore, a continued substantial restriction in the allotment to farmers of phosphoric fertilizers can not, in the long run, remain without influence upon crop yields.

Conclusion

In appraising the food outlook for Central Europe, it should be kept in mind that the present situation is by no means satisfactory when viewed in the light of normal consumption levels. The situation varies from district to district and in the Government General of Poland is serious. Even if there should be no serious undernourishment, malnutrition will certainly become more widespread, especially in view of the fact that the most pronounced shortages are in protective foods: milk, fats, fruits, and vegetables. These deficiencies may be offset, somewhat, by the use of synthetic vitamin preparations. In all of central Europe reserve supplies of fats, meats, and bread grains will certainly have to be drawn upon during 1941/42.

DANUBE BASIN 1/

There have been only very small grain surpluses in the Danube Basin in 1940/41, largely because of an extremely unsatisfactory wheat harvest in 1940, and the present domestic food situation in these countries is characterized by considerable restriction. A better crop in 1941 is not unlikely, and if it materializes possible 1941/42 supplies

1/ Hungary, Yugoslavia, Rumania, and Bulgaria.

of wheat and feed grains available to European deficit countries may be larger than the very low surpluses forthcoming during the current season but probably will not approach the normal level of exports from this area. Mobilization and the maintenance of large armies will reduce relative crop surpluses. A modest measure of mobilization is not believed to constitute a problem from the standpoint of agricultural labor supply in the overpopulated Danube countries. If large armies continue to be maintained by these countries, however, the draft power available on farms may be seriously affected.

DENMARK

There may be some further restrictions in food consumption in Denmark, prior to July 1, 1941 - before the new crop becomes available. However, unless crops in 1941 turn out much below average, the country should be in a position, during 1941/42, of feeding its people at a relatively satisfactory standard and still producing some genuine surpluses of livestock products for export. Adjustments in Danish agriculture since the German occupation have already gone so far that, if interference is avoided, the country should well be able to maintain a fair standard of nutrition. Organizational requirements in this respect will include the provision of food, or of food buying power, to the unemployed. This need is particularly pressing in view of the fact that unemployment has been increasing rapidly in recent months, and costs of living have also shown a very substantial rise.

will insist upon continued delivery by Denmark of certain quantities

Normal or slightly below normal crops in 1941 would about cover human requirements of bread grains, provided that all of the wheat and rye produced will be milled. The elimination of feed-grain imports and the diversion to human consumption of bread grains previously fed to livestock greatly affect the production of hogs, poultry, and eggs. By the end of 1940 hog numbers had been reduced to 2,200,000 or by 40 percent, and chickens to 10,000,000 or by two-thirds. Some further decreases may occur, but substantially the adjustment to a domestic feed basis has been completed. Nevertheless, such reductions are still likely to leave a small genuine surplus of pork products and eggs for export.

Cattle numbers were reduced from 3,220,000 to 2,976,000 in 1940, reflecting partly the lack of feed concentrates (oilcake), of which about one million short tons annually used to be imported before the present war. Milk cows declined by 8 percent, young cattle from 15 to 20 percent. It is estimated that, largely as a result of the lack of concentrates, milk output will decline to 70 percent of normal. Consequently, fresh milk consumption will continue to decline. Butter production may also decline to 70 percent.

If all of the butter produced could be retained in the country and if supplies over the year were to be equitably distributed through storage operations, 90 percent of normal domestic fat consumption could be met. Since it is probable, however, that the German authorities will insist upon continued delivery to Denmark of certain quantities

of butter and since domestic purchasing power will be reduced, it is likely that the domestic fat situation during the next year or so will not be as favorable as theoretically it could be. Normally, Denmark produces enough sugar and potatoes to cover substantial domestic requirements. The war has, of course, eliminated previous imports of oil. Crop production in 1941 and thereafter will partly depend on the availability of fertilizer all of which is imported. Potash may perhaps be obtained from Germany and nitrogen fertilizer from Norway. Whether much phosphate fertilizer will be available is doubtful. The reduction in livestock numbers may also affect yields unfavorably. Yields in the past have fluctuated directly with changes in livestock numbers.

Sweden, butter production could decline as much as 25 percent before

SWEDEN

reducing peacetime supplies for domestic consumption. It is further

The food situation in Sweden is relatively favorable and, assuming average crops in 1941, promises to remain so in 1941/42 unless there should be forced exports due to outside pressure. The country

is in the fortunate position of being basically self-sufficient in foodstuffs and feedstuffs, except for a deficit in fats.

Basically, all of the bread-grain requirements and more than 90 percent of the country's normal feed-grain needs are domestically produced. Normal meat requirements are fully met by domestic production and not even indirectly dependent on outside feed supplies. Sweden is also virtually self-sufficient in regard to sugar and potatoes.

The main problem which the war has raised for Sweden so far is fats. Available statistics do not suffice to give a complete picture of the normal supply situation in fats, but it seems probable that more than two-thirds of normal fat requirements are covered by home production of butter. The war has, of course, eliminated previous imports of oilseeds and marine oils for the manufacture of margarine and the production of feed concentrates. As a result, the country had to go on a fat ration, effective December 29, 1940, which, however, is fairly liberal. Some decline in the output of milk and butter may be expected as a result of the lack of feed concentrates. However, in view of the previous export surplus, and unless delivery demands are made upon Sweden, butter production could decline as much as 25 percent before reducing peacetime supplies for domestic consumption. It is further reported that large stocks of butter have accumulated in cold storage during 1939/40.

Some shortages may also arise in regard to fish since it has been impossible to maintain a normal supply under blockade conditions. There is a possibility that this factor may become of considerable importance since the Swedish diet depends on fish to a measurable extent. So far there have been no indications that the existing shortage is of major nutritional significance in the total food situation.

The relatively favorable outlook for Sweden is predicated on normal crops in 1941, and the availability of domestic supplies. Last fall the Norwegian authorities were much worried regarding a prospective shortage of fish during this winter.

Norway is a very large exporter of certain fats because exclusively for domestic consumption. There is as yet no information as to the outlook for crop production in 1941. A certain shortage of commercial fertilizer may be experienced.

Consequently, domestic supplies of fats will depend almost entirely on the domestic output of butter and NORWAY

There will probably be further deterioration in Norway's unsatisfactory food situation. So far this season, the bread-grain position has been helped by the existence of large reserve supplies of wheat. Recent reports, however, indicate that the bread situation is becoming worse, and rations have been reduced. There will be practically no carry-over of bread grains at the end of the season, and imports will probably be needed before July. Sugar, fats, and fish are also short.

Basically, the country depends for its bread-grain supply on imports to the extent of about four-fifths of consumption, and there will be large import needs in 1941/42. All of Norway's sugar is imported and, unless adequate supplies are sent from Germany, Denmark, or Russia, the shortage of sugar will increase. Domestic production of meat is almost exclusively based on domestic feed supplies, but there is normally a substantial importation of pork. Fish is a major item in the Norwegian diet, and prospects for future supplies are none too favorable. The catch under blockade conditions is reduced. It was reported that Germany had been absorbing much of the fish caught in Norway, leaving only second grades for consumption by the native population. Last fall the Norwegian authorities were much worried regarding a prospective shortage of fish during this winter.

Normally, Norway is a very large exporter of edible fats because of its considerable surplus of whale oil. It is improbable that, under blockade conditions, Norway will get any significant whale oil supplies. Consequently, domestic supplies of fats will depend almost entirely on the domestic output of butter which ordinarily accounts for only one-fifth of total Norwegian consumption of fats. The outlook under such conditions is serious. It is difficult to see how this basic shortage can be alleviated.

FINLAND

Food stocks in Finland are said to be low, and there is at present a considerable deficiency in fats, bread grains, fruits, and vegetables. Before the new harvest the situation will probably become more unsatisfactory, even though some foodstuffs may be imported. Finland has lost some agricultural and fishing regions (Lake Ladoga) in the war with Russia, and her self-sufficiency in foodstuffs is, therefore, somewhat lower than it used to be.

If crop production in 1941 turns out about average, domestic output should cover from 80 to 90 percent of normal utilization of grains for human consumption and for feeding. With average production of potatoes, there will be plenty for human consumption and some for feeding. Almost all of the country's sugar needs will, as usual, have to be imported. Ordinarily the country is self-sufficient in meats. As a result of the probable reduction in feed supplies, however, meat output and consumption per capita will be reduced by perhaps from 10 to 20 percent. Fats, however, present a more serious problem. It is unlikely

that domestic production of edible fats - butter and lard - will meet more than one-half of normal domestic consumption of all edible fats. Moreover, no European country is in a position to relieve this deficiency; both marine and vegetable oils are virtually unobtainable. Fish, a fairly important item in the country's diet, should continue to be obtainable since the main fishing grounds are off the coast in the Baltic and in the Arctic. Some supplies are also obtainable in rivers and interior lakes (fresh-water herring).

The supply of the population with sugar will almost entirely depend on what can be obtained from the German-controlled area and Russia. Fresh milk, fruits, and vegetables will probably continue short.

NETHERLANDS

Basically, the food situation in the Netherlands is not nearly so favorable as, for example, in Denmark. There will be a deterioration in conditions before the new harvest becomes available. Existing shortages of bread grain, meats, and fats will probably become more pronounced.

Average domestic crops in 1941 could not provide for more than 75 percent of normal requirements, even if all wheat and rye produced in the country - and previously largely fed to livestock - were to be used for human consumption. This implies a large-scale substitution of rye for wheat and of low-quality domestic wheat for high-quality wheat formerly imported.

About two-thirds of total feed-grain requirements have usually been imported, consequently grain feeding in the Netherlands can not

be more than about one-third of normal. This feed shortage mainly affects hogs and poultry. During 1941/42, hogs and the output of pork products will probably be below one-half of normal. Since only about one-fifth of total pork production was normally exported, supplies for domestic consumption may be curtailed by from 40 to 50 percent of normal. Surplus meat supplies available from emergency slaughter in 1940, and largely taken by Germany, will have disappeared by the middle of 1941, leaving the producing capacity of the livestock industry much reduced. About 60 percent of the eggs produced were exported in recent years; if chicken numbers should be reduced to one-fourth, as in Denmark, normal domestic requirements could be met only to the extent of about 60 percent.

Milk production, which will be much affected by the lack of feed concentrates, is expected, in 1941/42, to decline by 25 percent compared to normal and butter production by from 20 to 30 percent. Fresh milk production may have to be curtailed considerably, and the remaining supply of butter would fall short by far of total normal requirements of edible fats. In fact, with margarine and marine oils hardly obtainable, butter production, plus a small output of lard, would hardly meet more than 50 percent of normal domestic consumption of all edible fats.

There is a certain food reserve in the Netherlands' substantial production of vegetables and in the potential shifts from feed crops to food crops that may still take place as during the World War, 1914-1918. Reduced livestock numbers and a lack of commercial fertilizer will, however, tend to affect yields. It is possible that Germany may

supply some potash and that nitrogen fertilizers may also become available from various continental sources. The situation in regard to phosphates, however, is quite uncertain.

BELGIUM

The food situation in Belgium is probably the most critical on the Continent, since the country is basically so much dependent on imported foods and feeds.

As in the Netherlands and Denmark, much of the domestically-produced bread grain was fed to livestock and replaced by imported wheat for human consumption. If all home-produced wheat and rye were to be milled, a normal 1941 crop would still leave one-third of normal bread requirements uncovered. In regard to fats, consumption before the war had to be met by imports to the extent of about 50 percent. With domestic butter production greatly reduced, home fat supplies in wartime could hardly meet more than one-third of normal fat requirements. Meat production, too, was largely based on imported feeds, though direct imports of meat were usually quite unimportant. With much of the feed supply cut off, Belgium can not expect to produce more than one-half, and perhaps not even more than one-third of its peacetime meat requirements.

Belgium's only hope is a substantial import. Negotiations have been under way with Germany and Russia to make such imports possible. It is uncertain whether or not the Belgians will succeed in obtaining outside supplies. At any rate, unless these supplies are substantial, the serious food situation in Belgium is likely to become accentuated during

1941/42. Hitherto supplies of meat have been available from the emergency slaughter of hogs and cattle, but no comparable addition to current supplies will be forthcoming in 1941/42. In regard to fats, it is doubtful whether the basically precarious situation can be improved at all, since even in the most favorable circumstances Belgium could hardly hope for any imports in view of the Continent's general fat deficit.

FRANCE

Because of the poor harvest of cereals in France in 1940 the supply of bread grains and feed grains, including the considerable reserves of grain that were in storage at the time of the German invasion, has not been equal to normal requirements during the crop year 1940/41. This situation has been made worse by the deliveries of grain required for the subsistence of the German occupying forces. Strict rationing may enable the occupied area of France to eke out an existence until the new crop is gathered, but undoubtedly additional supplies will be required for the population of the unoccupied regions if the present low rations are to be maintained.

The shortage of feed grains and the requisitions by German authorities, outright, or under the guise of purchases, have reduced livestock numbers to a point at which the supply of meat, eggs, milk, butter, and other animal fats during the next few months will be precariously low. France's requirements in vegetable fats and oils have always been supplied to a very large degree through imports of oilseeds from French

Colonial areas now cut off through the British blockade. This circumstance, coupled with the decline in domestic production of animal fats and oils, goes far to explain the existing fat and oil shortage.

Sugar stocks on hand in France as of January 1, 1941, are believed to have been low. During the military operations in the summer and because of the subsequent dislocation, the sugar beet fields were neglected and the harvest was abnormally low. In addition, some sugar factories and refineries are believed to have been destroyed. For these reasons, the production of sugar from the current crop has been reported to be not more than 25 percent of normal. The sugar supplies, even with strict rationing, are insufficient to carry the population through to the next campaign, a year from now. Potato production in France was small in 1940 and certain quantities are reported to have been requisitioned by German officials.

Beginning with July 1941, the situation will progressively improve until late summer and early fall when domestic production of field products will be fully marketable. Assuming normal weather conditions to prevail, the field crop-production in 1941 will probably turn out below normal.

Shortages of draft power (requisitions of horses by Germany and scarcity of fuel), farm labor, and fertilizers are expected to affect yields adversely.

Although the new harvest will relieve the situation somewhat in regard to bread, potatoes, and sugar, there will be no corresponding relief in the position of vegetable oils, meat, and other animal products such as butter, eggs, etc. It is, therefore, probable that the nation's diet will have to depend on bread grains and vegetables to a larger extent than usual.

Unless additional supplies should be made available through shipments of foodstuffs from North Africa or other regions outside of France, it is probable that during the first half of 1942 the food situation will become progressively worse and may become precarious in certain areas. The barriers between occupied and unoccupied France prevent normal exchanges between the two areas. Within each of these areas the distribution problem is aggravated by difficulties of transportation.

The food difficulties in unoccupied France have been further accentuated because of the heavy 1940 influx of refugees, numbering several millions, from other areas.

ITALY

The food situation in Italy on July 1, 1941, will likely present the unfavorable aspects that now obtain, namely, the shortage of bread grains, meats, and fats and oils, as indicated by the ration allowances. In the case of cereals, however, the shortage of wheat, and particularly durum wheat, will probably have been offset by the mixing of rice and corn in bread and macaroni production.

The outstanding adverse factor in the internal food situation appears to be faulty organization. This is reflected by the inequitable distribution of existing supplies between districts and among different categories of the population. Sharp rises of food prices have been reported. The situation has been aggravated by abnormally heavy shipments of certain foodstuffs to Germany.

It is considered likely that Italy will have enough food to carry on at existing rationing levels during 1941/42. Crop production in 1941 may be not far from normal, assuming normal weather conditions. Such a production should afford some easement in the bread-grain situation during 1941/42. However, the shortages of meats, as well as fats and oils, are likely to increase.

SPAIN

The Spanish food situation which, in general, has been acute since the inception of the Civil War will undoubtedly become progressively worse during the first half of 1941, unless the deficiencies in wheat, meats, and sugar can be made up by imports.

The field crop production in 1941 should be better than that of 1940. With unchanged import possibilities and improvement in transportation facilities, the food situation during the crop year 1941/42 should be less acute than during the previous year.

PORTUGAL AND GREECE

Portugal

Despite the drive for agricultural self-sufficiency, Portugal still has to import some cereals, meat products, and sugar. These, she is now allowed to import through the British blockade. The Portuguese food situation is not likely to deteriorate so long as import possibilities continue.

Unless involved in war, its production may assume normal conditions within a year or two. This whole area is also one of

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Greece

Normally, Greece is on an import basis for wheat, sugar, and meat products. Since this country has been involved in war with Italy, food requirements have increased. Crop production in 1941 may be adversely affected because of lack of draft power and farm labor.

It is understood that British food ships from India and Australia have been diverted to Greece to supply needed foodstuffs. Moreover, small quantities of grain have been obtained from the Soviet Union and Turkey. As long as Greece is not actually invaded, and as long as the British fleet controls the eastern Mediterranean, the Greek food situation is not expected to grow worse.

TURKEY, EGYPT, AND FRENCH NORTH AFRICA

Turkey is agriculturally self-sufficient and exports important quantities of foodstuffs. As long as the country is not involved in war, these exports may be available to neighboring countries, especially to Greece. There is a possibility that some supplies of phosphate

Egypt is largely self-sufficient in foodstuffs and even produces some surplus. Although at present the bulk of these surpluses are absorbed by the British armies in the middle east, some food may be shipped to Greece. Egypt also supplies Greece with much needed phosphates.

French North Africa is beginning to recover from the blow received when France collapsed. Unless involved in war, its production may assume normal conditions within a year or two. This whole area is also one of

the world's largest sources of phosphates. The degree to which this region can supply France with any substantial quantities of foodstuffs, especially cereals, meats, and olive oil (as well as phosphates), will depend on the extent to which shipments can be made through the British blockade.

SOVIET UNION

On January 10, 1941, a new trade agreement was concluded on the basis of which the Soviet Union is expected to deliver foodstuffs to Germany, particularly grain, in large quantities. Other agreements are said to provide for future Soviet grain deliveries to Finland, Belgium, Norway, and Sweden. The extent to which these deliveries will be made depend largely on the 1941 crop outturn and political factors and decisions as to what measure of help for Germany the Soviet Government considers expedient. It is the consensus that, in any event, such shipments will not be large. Transportation would be a serious problem in any large-scale export plan concerned with shipments to Germany, and northern and western Europe. There is a possibility that some supplies of phosphate rock for fertilizer from the Murmansk region may be exported to Germany and perhaps other European countries.

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DEPARTMENT OF AGRICULTURE
Office of Foreign Agricultural Relations

Confidential Memorandum Part III

February 20, 1941

PROSPECTIVE CONTINENTAL EUROPEAN FOOD AND FEED SITUATION
ON JULY 1, 1941, JANUARY 1 AND MAY 1, 1942, RESPECTIVELY

SITUATION BY SPECIFIED COMMODITIES

Confidential Memorandum - Part III

February 20, 1941

Reserves of cereals, which were available during the 1940-41 crop year, will be used for the 1941 crop. PROSPECTIVE CONTINENTAL EUROPEAN FOOD AND FEED SITUATION- WHEAT, RYE, CORN, OATS, BARLEY, POTATOES, AND SUGAR BEETS. Germany is known to have on hand relatively large cereal supplies, particularly wheat and rye.

It is anticipated that acreages of the five chief cereals, potatoes, and sugar beets in Continental Europe in 1941 will not vary widely from the average of the five years 1933-1937, which may be taken as normal. Only fragmentary indications have been received as to the fall-sown areas of wheat and rye for the harvest of 1941, and there is little information as to intentions of European farmers to plant spring crops. In general, however, it may be assumed that the tendency will be to plant the largest acreage possible, utilizing all available hand labor and such draft animals as have not been requisitioned for military use. Acreages of sugar beets and potatoes may even be a little larger than normal because of recent upward trends in central Europe.

Even under normal weather conditions, it is probable that yields will tend to be lower than normal because of a shortage in many countries of draft animals and farm labor resulting in poorer tillage, and a smaller than usual supply of fertilizer, particularly phosphates. Under normal weather conditions in 1941 and the combined effect of these factors, which vary somewhat with commodity and country, the 1941 production of wheat, rye, oats, and barley may be expected to be somewhat larger than the short 1940 harvest of small grains but crops of potatoes, sugar beets, and corn will probably be somewhat smaller than the large 1940 production of these commodities. Any change

Reserves of cereals, which were available during the 1940-41 crop year, will be exhausted in many countries by July 1, 1941. Only greater Germany is known to have on hand relatively large cereal supplies, particularly of wheat and rye. Germany, also, has supplies of sugar and potato products (chips and flour) which will be carried over into the new crop year. During the crop year 1941-42, however, even Germany will have to draw on her carry-over stocks. Most other countries (having no reserves) will subsist on the newly harvested crops, which will probably be large enough to cover only a restricted utilization governed by rationing. The necessary degree of rationing will vary with commodity and country but will continue to be most severe in Belgium, unoccupied France, and Norway. Under normal weather conditions, these countries cannot be expected to produce enough bread grains to carry their populations through to the harvest of 1942.

The slaughter of livestock in 1940 reduced flocks and herds more nearly to a domestic basis particularly in certain countries that imported feeding stuffs to maintain an industry for the export of animal products. It is probable that present numbers of livestock in Continental Europe can be fed during 1941 with locally produced feedstuffs. A reduction in the supply of feed grains and potatoes, however, would result in lighter marketing weights next fall and might necessitate a further reduction of livestock numbers to be carried over into 1942.

The forecasts in the following tables have been based on the assumption of normal weather and certain other conditions. Any change

in these assumed basic conditions would modify these estimates accordingly.

The percentages of self-sufficiency are related to pre-war normal consumption and do not take into account changes in consumption due to war.

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WHEAT: Approximation of Self-sufficiency in Continental Europe
(Exclusive of Soviet Union and Soviet occupied territory)

WHEAT
Revised
2-20-41

Group	Normal comparison bases			Production			
	Production	Consumption	Percentage self-sufficiency	Estimate	Forecast 1/	Percentage normal consumption	
				crop year : July-June : 1940-1941	crop year : July-June : 1941-1942	1940-1941	1941-1942
Million bushels	Million bushels	Percent	Million bushels	Million bushels	Percent	Percent	
Axis Powers <u>a/</u>	729	729	100	634	(700)	87	(96)
Southeast <u>b/</u>	170	175	97	167	(175)	95	(100)
Occupied countries <u>c/</u>	348	435	80	235	(285)	54	(66)
North and West <u>d/</u>	36	56	64	28	(40)	50	(71)
Southwest <u>e/</u>	160	160	100	135	(140)	84	(88)
Total	1,443	1,555	93	1,199	(1,340)	77	(86)

1/ Rough approximation assuming acreage less than normal but slightly higher than for 1940 crop; normal weather conditions but less than normal yields because of poor tillage and lack of fertilizer.

COMMENT

CONTINENTAL EUROPE: Local supplies on July 1, 1941, in most countries will be near exhaustion, except in south, where new crop is harvested late in June. No significant reserve stocks except in Greater Germany.

AXIS POWERS: Germany will enter new crop year with carry-over of several million bushels of wheat. In Italy, old crop supplies (non-military) will be nearly exhausted on July 1, 1941, but some relief will be available from new crop harvested in June. If the production obtained is as approximated, the supply should be sufficient in both countries to maintain present rations until the 1942 harvest. Germany should carry over some wheat into 1942-43.

OTHER COUNTRIES: Critical lack of supplies in Belgium, unoccupied France, Norway, Finland, and perhaps Netherlands before 1941 crop becomes available. On January 1, 1942, supplies in these countries will be nearing exhaustion and there will be acute scarcity by May 1, 1942 unless wheat is shipped in.

a/ Old Reich, Austria, Czechoslovakia, German Poland including Government General, Italy, Albania, Hungary, and Residual Rumania. b/ Greece, Yugoslavia, and Bulgaria. c/ Norway, Denmark, Netherlands, Belgium, Luxemburg, and France. d/ Finland, Sweden, and Switzerland. e/ Spain and Portugal.

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RYE: Approximation of Self-sufficiency in Continental Europe
(Exclusive of Soviet Union and Soviet occupied territory)

RYE
Revised
2-20-41

Group	Normal comparison bases			Production			
	Production	Consumption	Percentage self-sufficiency	Estimate crop year July-June 1940-1941	Forecast ^{1/} crop year July-June 1941-1942	Percentage normal consumption	
	Million bushels	Million bushels	Percent	Million bushels	Million bushels	Percent	Percent
Axis Powers ^{a/}	600	592	101	550	(575)	93	(97)
Southeast ^{b/}	21	21	100	19	(20)	90	(95)
Occupied countries ^{c/}	78	97	80	63	(75)	65	(77)
North and West ^{d/}	33	35	94	22	(28)	63	(80)
Southwest ^{e/}	24	24	100	20	(23)	83	(96)
Total	756	769	98	674	(721)	88	(94)

^{1/} Rough approximation assuming acreage less than normal but higher than that harvested in 1940; normal weather conditions but less than normal yields because of somewhat poorer tillage and lack of fertilizer.

COMMENT

CONTINENTAL EUROPE: Local supplies on July 1, 1941 practically exhausted in all countries except Germany.
AXIS POWERS: Germany will enter the new crop year with a carry-over of several tens of millions of bushels of rye. A less favorable situation in Poland, Czech territory, and Hungary. In Italy and Rumania, rye is not important. If the forecast production is obtained, new crop supplies and reserves will be more than enough to cover requirements to July 1, 1942.
OCCUPIED COUNTRIES: Rye supplies will probably be exhausted by July 1, 1941. Rye is not a significant factor in the bread situation of France and Belgium. New crop rye as a supplement to wheat will be insufficient to cover present bread rations until the 1942 harvest, except perhaps in Denmark.

^{a/} Old Reich, Austria, Czechoslovakia, German Poland including Government General, Italy, Albania, Hungary, and Residual Rumania. ^{b/} Greece, Yugoslavia, and Bulgaria. ^{c/} Norway, Denmark, Netherlands, Belgium, Luxemburg, and France. ^{d/} Finland, Sweden, and Switzerland. ^{e/} Spain and Portugal.

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CORN: Approximation of Self-sufficiency in Continental Europe
(Exclusive of Soviet Union and Soviet occupied territory)

CORN
Revised
2-20-41

Group	Normal comparison bases			Production			
	Production	Consumption	Percentage self-sufficiency	Estimate : crop year : Sept.-Aug. : 1940-1941	Forecast <u>1/</u> : crop year : Sept.-Aug. : 1941-1942	Percentage normal consumption	
	Million bushels	Million bushels	Percent	Million bushels	Million bushels	Percent	Percent
Axis Powers <u>a/</u>	378	398	95	434	(370)	109	(93)
Southeast <u>b/</u>	220	201	109	258	(200)	128	(100)
Occupied countries <u>c/</u> :	20	133	15	17	(20)	13	(15)
North and West <u>d/</u>	-	12	0	-	-	0	(0)
Southwest <u>e/</u>	41	44	93	37	(40)	84	(91)
Total	659	788	84	746	(630)	95	(80)

1/ Rough approximation assuming that acreage will be normal or less, that weather conditions will not be as favorable to corn as in 1940, and that plowing and hand labor will be poorer.

COMMENT

CONTINENTAL EUROPE: Supplies on July 1, 1941 nearing exhaustion in all except chief producing countries (Yugoslavia, Rumania, Italy, and Spain), where corn is used as human food, and where local supplies will last until September. A less than normal production will probably be harvested in September 1941. Probably none of this corn will be shipped into the occupied countries.

AXIS POWERS: Supplies of corn, used exclusively for livestock feed in all countries except Italy and Rumania, will probably be exhausted by July 1, 1941. The 1941 production will probably cover local requirements with small exports to Germany.

OCCUPIED COUNTRIES: No supplies on hand July 1, 1941. Small production in France in 1941 but other countries will have no corn.

a/ Old Reich, Austria, Czechoslovakia, German Poland including Government General, Italy, Albania, Hungary, and Residual Rumania. b/ Greece, Yugoslavia, and Bulgaria. c/ Norway, Denmark, Netherlands, Belgium, Luxemburg, and France. d/ Finland, Sweden, and Switzerland. e/ Spain and Portugal.

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OATS
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OATS: Approximation of Self-sufficiency in Continental Europe
(Exclusive of Soviet Union and Soviet-occupied territory)

Group	Normal comparison bases			Production			
	Production	Consumption	Percentage self-sufficiency	Estimate crop year July-June 1940-1941	Forecast ^{1/} crop year July-June 1941-1942	Percentage normal consumption	
	Million bushels	Million bushels	Percent	Million bushels	Million bushels	Percent	Percent
Axis Powers <u>a/</u>	709	716	99	672	(680)	94	(95)
Southeast <u>b/</u>	39	39	100	39	(35)	100	(90)
Occupied countries <u>c/</u>	466	474	98	377	(415)	80	(88)
North and West <u>d/</u>	132	148	89	120	(125)	81	(85)
Southwest <u>e/</u>	51	51	100	37	(45)	73	(88)
Total.....	1,397	1,428	98	1,245	(1,300)	87	(91)

^{1/} Rough approximation assuming that acreage will be normal or less; weather conditions normal and yields slightly less than normal.

COMMENT

CONTINENTAL EUROPE: Supplies in all countries will probably be exhausted by July 1, 1941. The new crop will probably be somewhat less than the quantity of oats usually fed annually to livestock.

AXIS POWERS: The 1941 production should be nearly as large as the annual quantity of oats usually fed to livestock in these countries.

OCCUPIED COUNTRIES: The new crop will probably be enough to cover the 1941-42 oats requirements of the reduced numbers of livestock.

a/ Old Reich, Austria, Czechoslovakia, German Poland including Government General, Italy, Albania, Hungary, Rumania. b/ Greece, Yugoslavia, Bulgaria. c/ Norway, Denmark, Netherlands, Belgium, Luxemburg, France. d/ Finland, Sweden, Switzerland. e/ Spain and Portugal.

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BARLEY
Revised
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BARLEY: Approximation of Self-Sufficiency in Continental Europe
(Exclusive of Soviet Union and Soviet-occupied territory)

Group	Normal comparison bases			Production			
	Production	Consumption	Percentage self-sufficiency	Estimate crop year July-June 1940-1941	Forecast ^{1/} crop year July-June 1941-1942	Percentage normal consumption 1940-1941	Percentage normal consumption 1941-1942
	Million bushels	Million bushels	Percent	Million bushels	Million bushels	Percent	Percent
Axis Powers <u>a/</u>	333	325	102	294	(310)	90	(95)
Southeast <u>b/</u>	44	43	102	44	(44)	102	(102)
Occupied countries <u>c/</u>	108	148	73	106	(106)	72	(72)
North and West <u>d/</u>	18	24	75	16	(18)	67	(75)
Southwest <u>e/</u>	109	109	100	94	(100)	86	(92)
Total.....	612	649	94	554	(578)	85	(89)

^{1/} Rough approximation assuming acreage will be normal or less; weather conditions normal and yields slightly less than normal.

COMMENT

CONTINENTAL EUROPE: Supplies on July 1, 1941 exhausted or nearly exhausted. The 1941 production probably will be somewhat less than the annual quantity usually fed to livestock and utilized in brewing. It should be noted that livestock numbers have been reduced in the occupied countries.

a/ Old Reich, Austria, Czechoslovakia, German Poland including Government General, Italy, Albania, Hungary, Rumania. b/ Greece, Yugoslavia, Bulgaria. c/ Norway, Denmark, Netherlands, Belgium, Luxemburg, France. d/ Finland, Sweden, Switzerland. e/ Spain and Portugal.

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POTATOES: Approximation of Self-sufficiency in Continental Europe
(Exclusive of Soviet Union and Soviet-occupied territory)

POTATOES
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Group	Normal comparison bases			Production			
	Production	Consumption	Percentage self-sufficiency	Estimate crop year July-June 1940-1941	Forecast ^{1/} crop year July-June 1941-1942	Percentage normal consumption 1940-1941	Percentage normal consumption 1941-1942
	Million bushels	Million bushels	Percent	Million bushels	Million bushels	Percent	Percent
Axis Powers a/.....	3,217	3,215	100	3,719	(3,200)	112	(100)
Southeast b/.....	67	67	100	77	(70)	115	(104)
Occupied countries c/	874	865	101	688	(800)	80	(92)
North and West d/....	146	148	99	146	(130)	99	(88)
Southwest e/.....	206	204	101	197	(200)	97	(98)
Total.....	4,510	4,499	100	4,827	(4,400)	108	(98)

^{1/} Rough approximation assuming that acreage will be somewhat higher than normal, that weather conditions generally will not be so favorable for potatoes as in 1940, and that yields will be adversely affected by lack of fertilizer and somewhat poorer tillage.

COMMENT

CONTINENTAL EUROPE: The 1941 crop of potatoes should begin to come into local markets in June and July. If normal weather conditions have obtained, production in most countries should be nearly large enough to supply the quantities normally utilized. More potatoes than usual will be used for food and less for feed.

AXIS POWERS: Germany should enter the new crop year on July 1, 1941 with some reserve supplies of potatoes from the bumper crop of 1940, particularly in the form of dried chips and flour. In Italy, Hungary, and Rumania, early potatoes should begin to relieve local food shortages by the middle of June. Total production in 1941 should nearly balance normal requirements.

OCCUPIED COUNTRIES: Because of the poor crop of 1940 and German requisitioning, both occupied and unoccupied France will be short in supply until after the 1941 harvest. A similar, though probably less critical, situation will obtain in Belgium and Norway.

a/ Old Reich, Austria, Czechoslovakia, German Poland including Government General, Italy, Albania, Hungary, and Residual Rumania. b/ Greece, Yugoslavia, Bulgaria. c/ Norway, Denmark, Netherlands, Belgium, Luxembourg, and France. d/ Finland, Sweden, and Switzerland. e/ Spain and Portugal.

Department of Agriculture,
Office of Foreign Agricultural Relations.

CONFIDENTIAL

SUGAR
Revised
2-20-41

SUGAR: Approximation of Self-sufficiency in Continental Europe
(Exclusive of Soviet Union and Soviet occupied territory)

Group	Normal comparison bases			Production			
	Production	Consumption	Percentage self-sufficiency	Estimate : crop year : Oct.-Sept. : 1940-1941	Forecast <u>1</u> : crop year : Oct.-Sept. : 1941-1942	Percentage normal consumption	1940-1941 : 1941-1942
	: 1,000 : : short tons	: 1,000 : : short tons	: Percent	: 1,000 : : short tons	: 1,000 : : short tons	: Percent	: Percent
Axis Powers <u>a</u> /	3,447	3,112	111	4,456	(4,000)	143	(128)
Southeast <u>b</u> /.....	96	175	55	185	(150)	106	(86)
Occupied countries <u>c</u> /:	1,732	2,070	84	1,155	(1,425)	56	(69)
North and West <u>d</u> / ...:	305	572	53	358	(325)	62	(57)
Southwest <u>e</u> /	265	339	78	210	(200)	62	(59)
Total	5,845	6,268	93	6,364	(6,100)	102	(97)

1/ Rough approximation of sugar beet production expressed in terms of sugar assuming acreage normal or better; weather conditions not as favorable as in 1940; yields reduced by shortage of hand labor, draft animals, and fertilizer; and factories not damaged beyond repair.

COMMENT

CONTINENTAL EUROPE: Stocks of sugar on hand if equitably distributed probably more than enough to cover requirements until September 1941. Production in 1941 will probably be adequate to maintain consumption on present ration basis to September 1942.

AXIS COUNTRIES: Central Europe, normally an exporter of sugar, had a bumper crop of sugar beets in 1940 and will probably have a carry-over of sugar on September 30, 1941. It may be expected that the production of 1941 will be more than enough to cover requirements until September 30, 1942.

OCCUPIED COUNTRIES: The 1940 French beet crop was one-fourth normal. Probably similar conditions obtained in Belgium and Netherlands. In these countries and Norway supplies are low, particularly in unoccupied France. Even improved production in 1941 will fall short of covering requirements.

a/ Old Reich, Austria, Czechoslovakia, German Poland including Government General, Italy, Albania, Hungary, and Residual Rumania. b/ Greece, Yugoslavia, and Bulgaria. c/ Norway, Denmark, Netherlands, Belgium, Luxemburg, and France. d/ Finland, Sweden, and Switzerland. e/ Spain and Portugal.

Department of Agriculture
Office of Foreign Agricultural Relations.

CONFIDENTIAL
 This document contains information which is classified as CONFIDENTIAL and is to be controlled and distributed in accordance with the provisions of Executive Order 12958, dated 5/8/76, and any subsequent orders or directives.

PSF; Welles, Fildes

Hyde Park, N. Y.,
February 22, 1941.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

I think it is all right to wait until Myron Taylor gets here in April and I definitely hope that he will be well enough by that time to return to Rome shortly thereafter.

F. D. R.

THE UNDER SECRETARY OF STATE
WASHINGTON

February 20, 1941

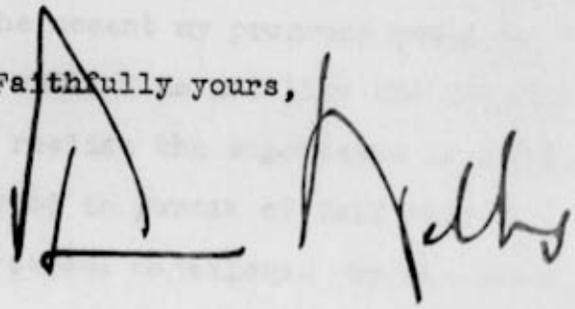
My dear Mr. President:

In accordance with your request of the other day, I wrote to Myron Taylor to ask when his doctors thought he would be able to return to his duties in Rome. I have today received his reply of which I am enclosing a copy for your information. As you will see, the letter is rather inconclusive and merely indicates that he will come to Washington in April to talk with you and that he believes at that time that he will be in a position to reach some determination as to his plans.

Since Tittman's designation as our temporary contact with the Vatican appears to be acceptable to the Papal Legate, it would seem to me all right for the time being to let the matter rest until Myron Taylor has an opportunity of talking with you in April. Will you let me know if this suggestion is agreeable to you?

Believe me

Faithfully yours,



Enc.

The President,

The White House.

Vita Serena
Palm Beach
Tuesday

Personal

Dear Mr. Welles:

The Papal Legate and Bishop Hurley lunched with us on Thursday. The status of Mr. Tittman as Counselor of the Embassy was raised by the Papal Legate in connection with his designation as my assistant. I was able to reassure them that Mr. Tittman would continue his work as "Chargé d'Affaires" and would from now on contact the Vatican through the Cardinal Secretary of State more actively than heretofore. I also suggested that if contact with the Pope was found desirable it could be arranged by Cardinal Maglione without fresh instructions. This meets the approval of the Papal Legate who seemed quite concerned that no new designation of a personal representative of the President to the Pope be made at this time. His Excellency may express to you his views when he returns to Washington in March.

As to my own health - I doubt if anyone at this stage can be very definite as developments in the next few weeks will be decisive. At the moment my progress seems to satisfy the doctors and while I do not like the inactivity of my present regime, I realize the importance of going slow for an adequate period to permit of full recovery - which I did not do on previous occasions. My thought has

been to stop at Washington on our return north in April to call upon the President, the Secretary of State and yourself. I think we shall be in better position to discuss matters at that time.

With best regards

Sincerely,

MYRON TAYLOR

To Hon. Sumner Welles,
State Department.

*file
journal*

*P.S.F. Welles
7-1-41*

THE WHITE HOUSE
WASHINGTON

February 27, 1941

MEMORANDUM FOR THE PRESIDENT

Secretary Wickard telephoned to say that Sumner Welles had called him saying there is a Bill before the House on sugar which Sumner says if passed will affect adversely our relations with South America at the present time. They are holding a meeting this afternoon and feel that if you will call Chairman Fulmer who is head of the Committee on Agriculture saying that you hope the present legislation on sugar would be continued and the new **Coffee Bill** be not acted on, it would help enormously.

Missy

PSF; Welles folder
1-41

THE WHITE HOUSE
WASHINGTON

March 19, 1941.

MEMORANDUM FOR
THE UNDER SECRETARY OF STATE

Please read Morris' dispatch of March 19, 1941, No. 983, in which he refers to German newspaper quotation from Chicago Journal of Commerce. I think it would be a very good idea if somebody -- not the State Department -- could bring this fact to the attention of the Chicago Journal of Commerce.

F. D. R.

PSF: Waller folder
1-41

THE WHITE HOUSE
WASHINGTON

March 19, 1941.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

Please read this, mull
it over, and talk with me about
it on my return.

F. D. R.

Memorandum for the President
in re Count Sforza and his desire
to be of help.

PSF; Walker folder
1-41

THE WHITE HOUSE
WASHINGTON

March 19, 1941.

MEMORANDUM FOR
THE UNDER SECRETARY OF STATE

Referring to Weddell's letter of March 2nd, to you, I wish you would find some method of letting Henry Luce know that when Cudahy was in Madrid he showed to Weddell his entire lack of sympathy with the policies of this Government, remarking that the President had done English 100%, and showing a wholly unintelligent understanding of what is going on in the whole of civilization.

Cudahy will undoubtedly write an amazingly unintelligent series of articles -- which will be taken by the public to be pro-German and contrary to American policy. He will get enormous acclaim for them in Germany.

I think that Henry Luce ought to know this probability beforehand - in such a way that we can prove that Luce knew about it beforehand - if we have to prove it.

F. D. R.

THE UNDER SECRETARY OF STATE
WASHINGTON

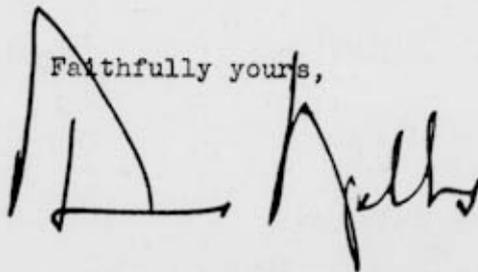
March 17, 1941.

My dear Mr. President:

I am sending you a copy of a letter I have received under date of March 2 from Ambassador Weddell. I believe you will be interested in the fourth and fifth paragraphs. You will remember that in accordance with your request, I sent instructions to our missions in Bern, Berlin, and Vichy regarding John Cudahy's trip.

Believe me

Faithfully yours,

A handwritten signature in black ink, appearing to be 'A. H. H. H.' with a large, stylized initial 'A'.

Enc.

The President,
The White House.

COPY

EMBASSY OF THE
UNITED STATES OF AMERICA

Madrid, March 2, 1941.

My dear Mr. Welles:

The American Chamber of Commerce in Spain will hold its Annual Meeting in Barcelona on Wednesday next and I expect to leave tomorrow by motor car for the city named in order to be present and to deliver what I believe is an innocuous speech.

Also, as my wife and I are a little tired, I am remaining in the neighborhood of Barcelona for two or three days.

1/ Within the past few days we have had a visit from Colonel Donovan and ere this you have before you my telegram reporting a conversation with the Foreign Minister. While stating nothing new, certainly the Minister spoke with a frankness that was astonishing. Donovan was my house-guest and proved a very agreeable one. In the course of his stay he saw the British and Portuguese Ambassadors, the Greek and Turkish Ministers, the Minister of Air, and the Chief of Staff of the Spanish Army, but was effectively balked in his desire to meet the Caudillo; the Foreign Minister simply did not let this come about. It is astonishing that this Mayor of the Palace should have his Chief live in an ivory tower and prevent him from learning the realities of the situation. The attached memorandum of Donovan's talk with Hoare may have some slight interest for you.

Yesterday former Ambassador Cudahy came to town. At luncheon yesterday he told me that he was representing Life and Time and was very desirous of securing figures concerning living costs here, etc. These public statistics I am arranging to give him.

In

The Honorable
Sumner Welles,
Under Secretary of State,
Washington.

In the course of his conversation, the ex-Ambassador showed very plainly his entire lack of sympathy with the policies of our Administration, remarking, among other things, that "the President has gone English 100%." I contented myself with remarking that there was no man living that had a keener recognition of the realities of the present situation. By tradition and by residence in Eire, Cudahy appears to have absorbed all the venom of the un-intelligentia of that unhappy land.

The death of King Alfonso has profoundly moved public opinion here and elaborate preparations are being made for the solemn requiem Mass to be sung tomorrow. As I telegraphed the Department, Montellano, who is high in the councils of the association formed of the grandees, told me that no attempt would be made to bring the remains here for interment in the Escorial until some far-off day when the Government entirely approved; this will never come about under the present crowd. People generally believe that the Germans are violently opposed to the re-establishment of the Monarchy, and that it is being urged by the British.

Meanwhile, the tension grows here and of course Bulgaria's folding up with its inevitable effect on Greece, is increasing uneasiness with a general trend of sympathy toward Great Britain and away from the Boches.

I venture to slip in here a paragraph to express the hope that the Department may be studying the personnel needs of this Mission. The balk facts are that I am understaffed and overworked, and that the importance of this Peninsula in the general picture is increasing daily. Furthermore, if things blow up, officials from all over Europe will be pouring through here in enormously increased volume and a bottleneck seems inevitable.

Sincerely yours,

ALEXANDER W. WEDDELL

COPY

American Embassy, Madrid.
February 26, 1941.

Memorandum for Colonel Donovan

Today I accompanied Colonel Donovan on his visit to the British Ambassador where a conversation lasting more than an hour and a half was held. There were also present at the discussion Minister-Counselor A. F. Yencken, Brigadier General W.W.T. Torr and Colonel Vivian Dykes.

Ambassador Hoare opened the discussion with a long statement giving his estimate of the situation in Spain, frequently consulting notes which he had prepared. He pointed out the poverty of Spain which, in alliance with pride, made a bad combination. He referred to what he thought to be the desire of Franco and of the Generals to maintain Spain's present attitude of neutrality or non-belligerency. He spoke of the preponderating influence in the Government here of the Minister for Foreign Affairs and of the Minister's sympathy for Fascist political ideologies and his probable conviction of eventual German victory.

The Ambassador then referred to the interior condition of Spain, its desperate straits for lack of food-stuffs, of the complete breakdown in the transportation system, of the discontent of the people with the Government, of the vast number of political prisoners now lying in the jails, of the change in public opinion and in an adverse sense toward Germany, and of the poor estimate of the Spaniards of the Italians.

Continuing, the Ambassador pointed out that in his very positive opinion Spain and Portugal, which for all practical political and military purposes were one, and Northern Africa, were points of the highest importance in the present conflict. Secondly, he felt that every effort should be made to maintain in an "Atlantic solidarity" the territories named; that they must not be permitted to get into, or form a part of, the Axis bloc. He emphasized in the third place the enormous importance of the Peninsula as a foot-hold and landing place from which operations might some day be begun against Germany. (The Ambassador has recently borrowed my Napier's Peninsula War!)

The

The foregoing all led up to a statement by the Ambassador of the necessity of lending economic aid to Franco and in doing so he pointed out how different was Franco's position from that of Italy in economic, political, and military ways, and again emphasized the strategic importance of this Peninsula arising from its geographical position.

The Ambassador seemed to feel that in anything that might be put up to our Government in the way of looking to economic relief that the disaster at Santander and other parts of the country should be clearly made known.

In conclusion, Hoare said that the policy of his Government was to do all in their power to prevent the DeGaulle forces from becoming involved in any hostilities with the Spaniards, and felt equally that the cardinal point to be kept in mind was, as stated above, the need for coming to the economic aid of the Spanish Government. Otherwise, and here he seemed to accept my own declaration of opinion, Spain might embark on some mad military adventure toward the South with deplorable consequences. The Ambassador mentioned that in his opinion neither the American nor his own diplomatic representatives in the recent past in Portugal had been up to the level of their task; they had failed entirely to keep in close touch with Salazar, but that in the case of his own representation the situation had been corrected and he seemed to hear with satisfaction what Colonel Donovan said concerning our Minister-elect to Portugal.

A. W. W.

PSF; Walker folder

File



THE UNDER SECRETARY OF STATE

WASHINGTON

March 25, 1941.

~~STRICTLY CONFIDENTIAL~~

My dear Mr. President:

I am enclosing herewith for your information a copy of a letter, with enclosure, which I have received from the First Secretary of the American Embassy in Berlin. You will remember that "our friend" is Dr. Schacht.

Believe me

Faithfully yours,

Encs.

The President,

The White House.

COPY

EMBASSY OF THE UNITED STATES OF AMERICA
Berlin, February 28, 1941.

Air Mail

Personal and ~~confidential~~

Dear Mr. Welles:

I enclose a memorandum of another conversation with our friend. He is constant in his angling for a "private" invitation to visit the United States. He again indicated quite clearly that his project of a trip to America is known and approved by Hitler and I do not doubt this. It does not seem unreasonable that Hitler would welcome peace on terms which while involving the withdrawal of troops would allow him to conserve essential control of areas now occupied, maintain his prestige, consolidate his position--and provide a breathing spell in which to prepare for the next aggression. He might well calculate that even if an emissary met with no success in his talks the publicity and thought of peace which such a trip would arouse might divide and distract England and other countries from their present paramount concern of perfecting defense and of maintaining a spirit of stubborn resistance.

Our friend's argument is that this war is an ineluctable stalemate and that sooner or later a negotiated peace will have to be made, so better now than after a period of destruction. His corollary thesis (although he did not intimate it in this last conversation) is that in peace negotiations Hitler would have to give in on many points and the inevitable result would be the weakening and eventual disappearance of the National Socialist regime. I conceive that he may be sincere in this statement for I do not question at all his detestation of National Socialist dictatorship, although to satisfy his ambitions for prominence he will work with it now, as he has in the past, albeit, it must be admitted, with a very considerable degree of personal independence.

But

The Honorable
Sumner Welles,
Under Secretary of State,
Washington.

But conceding his sincerity, I cannot conceive of anybody who has lived with the situation here admitting the validity of this thesis. A negotiated or compromise peace at this stage, even if it whittled away most of the present territorial acquisitions and allowed the re-establishment of ostensibly independent governments in Poland, Czechoslovakia, et cetera, would be made by this regime to appear as a victory and justification of the war, and one more victory of this sort would probably confirm this regime in power for an indefinite period and end present formless stirrings of internal opposition.

The negotiation of peace, on the other hand, in a situation of steadily worsening stalemate for German arms and after the civilian population had endured some real suffering, might provide the occasion for the denaturalization or even overthrow of the regime. But that situation has not yet been reached.

Yours sincerely,

DONALD R. HEATH

COPY

Air Mail

Berlin, February 28, 1941.

~~Strictly confidential~~

MEMORANDUM OF CONVERSATION.

I went to see "our friend" again today and found him on the eve of departure on what he described as a vacation trip of four or five weeks with no governmental implications.

He asked whether I had had any comment on the project which he has been urging now for nearly a year and a half, viz., that some private American organization invite him to come to the States to deliver an address on some non-controversial topic, which would give him an opportunity of having exploratory talks in Washington as to the conditions and problems of peace. I stated that I had no comment on his project. He said that he could understand that England and other countries which were bending every effort to perfect their defenses, might not wish to engage in any mention of peace until they had reached a military situation comparable with that of Germany; but this was a dangerous point of view. They might postpone consideration of eventual peace until the German military position worsened, and then Germany's regime would in turn not want to talk peace until it had attempted through military successes to regain a better bargaining position. Thus, he asserted, the war would go destructively onward towards a stalemate with needless and irreparable loss on both sides. He complained that President Roosevelt was pursuing only a single course of action whereas he should be endeavoring to keep a second alternative alive. He said that he was not putting himself forward as the only person capable of conducting non-binding preliminary talks as to the conditions for just peace, but he felt that there should be talks somewhere between men of sane views such, to cite an example, as Sir Walter Layton. If such talks should reveal that there was no possibility of peace because of an entire distrust in the fulfillment of any agreement made by Germany as at present constituted, then that would be a distinct, if negative, gain for it would at least show what the problem was. Returning to his own project he was certain that he would have Hitler's permission to accept any private invitation issued to him from the United States. He felt that a just peace could be outlined--

that

that the problem of reestablishment of Poland and Czechoslovakia, while difficult, was not insoluble.

He inquired as to the prospects of the passage of the Lend-Lease Bill. To my reply that it seemed certain of passage he said that he personally had no doubt the bill would pass. It was necessary for the President to have those power; situations as grave as the present could not be directly administered by a debating society. He then inquired concerning the Japanese situation. To my answer that I had no special information on that situation he rejoined with the statement: "Japan will never enter this war."

He inquired also as to the personality and views of Ambassador Winant. He hoped that Winant through his connection with the International Labor Office had not been infected with what "our friend" termed the sterile formalistic socialism of Geneva.

He spoke bitterly of the downward economic trend and said that when peace came Germans would realise how poor they were. All they would have would be paper claims against the Government and some impressive but economically useless public buildings and auto roads. When the balance of the last years is drawn it will be, he asserted, an impressive indictment of state socialism in Europe. A study of the Germann Göring Werke, for example, would show it to be the most economically extravagant enterprise that could be imagined.

The longer the war goes on the harder the problem of economic reconstruction. National and international economic reconstruction would not be an insoluble problem, however, provided it was effected by practical international cooperation. It could not be accomplished with any celerity or real success by merely national measures. The lesson of the time, however, was that any project of economic reconstruction must have as the first point on its program the social and economic amelioration of the working classes. Employment must be immediately provided and there must be a sense of security in employment. The solution, however, was not the formalistic socialism of the International Labor Office at Geneva, of which Thomas, the French labor leader, he said, was an exponent. Working hours and working conditions for women and children must be studied and improved. Such legal programs must

be

be supported but in no way allowed to interfere with the essential task, which was getting production under way. These last years had shown that the idea of increasing the privileges and decreasing the working hours of the laborer at the cost of semi-confiscatory taxation of the wealth and income of the entrepreneur, had simply impaired the economic system and had not raised the real standard of living of the masses. The workman must get a greater share of the product of industry, but the first consideration must be the increase of wealth. Postwar economic construction must, he said, restore to a large extent the field of private initiative. It would not be possible, however, to turn immediately to a substantially free and competitive system. To get things started there would have to be, at the start, a large degree of state intervention. He would not venture at this stage to say what the details of a program of international economic reconstruction should be, except that one basic necessity would be the provision of long-term credits, say for 20 years, and that, of course, the United States would be the chief substantial source of such assistance.

DONALD R. HEALTH
First Secretary of Embassy

DRH/hu

COPY

PSF; Walter Fildes
(1 copy in State Dept Folder 1-41
original in Biddle Folder)

EMBASSY OF THE
UNITED STATES OF AMERICA

RITZ HOTEL
London
March 26, 1941

My dear Mr. President:

We arrived here safely, after a splendid trip. We have installed ourselves in comfortable quarters at the Ritz Hotel, where we intend to continue living.

I have already been received by the King of Norway, and by the Belgian Government, and I await an audience with Queen Wilhelmina tomorrow, to present my credentials.

King Haakon sends you his warmest compliments and in response to my conveying your message regarding his son and daughter-in-law, has already cabled them to visit Norwegian-American areas, between now and the time of the Crown Prince's return to London. I shall write you more of this at a later date.

Already several leading members of the de Gaulle movement here have contacted me discretely. During my service with the Polish Government in France, as well as during the time that I served with the French Government at Tours and Bordeaux, I considered these particular individuals to be serious, loyal Frenchmen, and patriotic trustworthy officials of the French Government. They have established many sources of information through highly confidential channels, and I feel that the maintenance of discrete contact with them on my part would lead to enlightening intelligence, and a means of checking information received through other channels, regarding activities both in occupied and unoccupied France. They have already told me that they would consider it a privilege to give me, in strictest confidence, benefit of any and all information on this score.

In line with this, they conveyed to me the information contained in the attached memorandum, which I consider interesting in the light of its implications as to the extent of "imposed economic collaboration" on the part of unoccupied France with Germany.

With every good wish and with warmest personal regards, I am

Yours faithfully,

(signed) Tony Biddle, Jr.

copy

MEMORANDUM

~~STRICTLY CONFIDENTIAL~~

According to information received through secret channels, the following program was imposed by the Germans, upon unoccupied France, from January 16 to March 1, 1941.* This program called for the shipment to Germany of the following items:

- Bauxite clay - 30,000 tons
- Aluminum - 10,000 tons
- Magnesium - 8,000 tons. Absolute priority was demanded for this item.
- "Special Clay" - 2,000 tons
- Hematite (A special type of iron ore) - 38,000 tons
- Pig Iron - 9,000 tons
- Special extracts for tanning - 1200 tons
- Carbite of calcium - 4,000 tons
- Rubber (Transhipped via Marseille) - 1700 tons
- Wool (From Algeria via Marseille) - 10,000 tons
- Pyrites (From Spain via Irun) - 10,000 tons. Absolute priority
- Zinc ore (From Spain via Irun) - 8,000 tons. Absolute priority
- Other raw materials (From Spain via Irun) - 22,000 tons
- Iron, North African (Previously stored) - 1960 tons
- Manganese ore, North African - 1995 tons
- Nitrates, Chilean (Via Cette) - 2200 tons

The size of the program is such that it made impossible delivery of French goods by French railroads; the Germans demanded total priority.

Beans, sardines, turtles etc. (From Portugal via Irun)
- 2800 tons

"Azote" (From Toulouse) 20,000 tons

Coffee (via Marseille) 3000 tons

Eggs (From unoccupied zone) 1200 tons

Sugar - 20,000 tons (From northern part of occupied France
and partly from unoccupied France)

Butter - 11,500 tons (From occupied and partly from
unoccupied France)

Dried vegetables - (From Marseille for army) 4,000 tons.

Note: The foregoing items are quite apart from those contained
in the "barter arrangement" just given publicity.

PSF; Waller Jakes
1-41

THE UNDER SECRETARY OF STATE
WASHINGTON

Wladyslaw

April 7, 1941.

My dear Mr. President:

General Sikorski came with the Polish Ambassador to see me this afternoon.

The matters that General Sikorski will wish to discuss with you tomorrow morning are the following: (1) He will wish to tell you of the effective underground organization which has been established in German-occupied Poland. The work being done in this regard includes the publication in small clandestine sheets of news from the democratic countries. He tells me that thousands of these sheets are being circulated daily although, according to him, the penalty for being caught reading one of these sheets is execution.

(2) The problem of obtaining volunteers in the United States to increase the number of Polish troops now taking active part in the defense of the British Isles. The General realizes that our neutrality statutes make it impossible for Polish diplomatic or consular representatives to undertake recruiting within the jurisdiction of the United States.

The President,

The White House.

I

I told him that, notwithstanding the general feeling with regard to the need to keep alive the national feeling of the nationals within the United States of the occupied countries, as he realized, this Government could not acquiesce in the undertaking of measures by Polish diplomatic and consular representatives here which would be in direct contravention of our existing law. I said that it might be possible for the Polish consulates within the United States to let their fellow nationals within their consular jurisdictions know of the places in Canada where Poles could enlist for service with the Polish Army and could, of course, facilitate the journey of such Poles as desired to enlist in Canada to the Canadian border. I said that I felt quite sure that such activity on the part of Polish consuls in this country would not be regarded by our authorities as a violation of our statutes.

(3) He is anxious to ascertain whether you would be willing for Poland to be given assistance under the terms of the Lend-Lease Bill. He made it clear that Poland would not require such assistance until well along in 1942.

I said that I felt confident that you would feel that the terms of the Lend-Lease Bill covered all of
those

PSF; Wallace J. ...
1-41

*File
Cudahy
confidential*

THE UNDER SECRETARY OF STATE
WASHINGTON

April 11, 1941.

My dear Mr. President:

I am enclosing a copy of a telegram from our Embassy in Berlin regarding an article which John Cudahy has just completed. The telegram may not have been brought to your attention.

Believe me

Faithfully yours,

Enc.

The President,
The White House.

LS
This telegram must be
closely paraphrased
before being communicated
to anyone. (Br.)

BERLIN VIA BERN
Dated April 7, 1941
Rec'd 6:30 a.m. 10th

Secretary of State,
Washington.

1319, April 7, 4 p.m. (SECTION ONE)

~~STRICTLY CONFIDENTIAL.~~

Department's 552, February 26, 4 p.m., and my
1,042 March 20, 6 p.m.

The subject of the telegrams under reference has
been having a series of interviews with high economic
officials in the Reich including Economics Minister
Funk, Wisl Director General of Commercial Policy of
the Foreign Office, Puhl of the Reichsbank, Wohlthat
and others and the result is that a long article was
telegraphed to LIFE today speculating as to the business
and trade structure in Europe and trade relations with
South America should Germany win. A copy of the article
has been given the Embassy confidentially without the
writer's knowledge.

At the outset of the article he carefully disclaims
any personal agreement with the views and statements made
to him stating that his role was simply to repeat what
was told him.

MORRIS

CSB

JR

This telegram must be closely paraphrased before being communicated to anyone. (br)

Berlin via Bern

Dated April 7, 1941

Rec'd 6:40 a.m., 10th.

Secretary of State,

Washington.

1319, April 7, 4 p.m. (SECTION TWO)

At the end, however, of his telegram there is a postscript to the editor describing the material as information furnished him by the Reich Government in the spirit of greatest cooperation and stating his belief that much of it had never been divulged. As a matter of fact the material comprises the familiar statements of glorification of Nazi economic achievements and promises for the "new order" which have been endlessly repeated in the daily and periodical press and official oratory. He concludes his article with an assertion that the economic authorities and businessmen with whom he conversed had no doubt that Germany's invulnerable position on the European continent was unquestionable and would so remain. Some of the officials with whom the writer is known to have spoken have had private talks with a member of the Embassy who states he has not heard them express such absolute confidence in German victory or the entire soundness of its present economic

-2- #1319, April 7, 4 p.m. (SECTION TWO) from Berlin.

economic plans and practices.

MORRIS

CSB

GMW

This telegram must be closely paraphrased before being communicated to anyone. (br)

Berlin via Bern

Dated April 7, 1941

Rec'd 6:35 a.m., 10th

Secretary of State,

Washington.

1319, April 7, 4 p.m. (SECTION THREE)

Outline contains certain errors of fact. One is the statement that there has been especially marked increase in the quantity of money which rose only from five billion marks in 1933 to 7.7 billion marks in 1937 which is described as the last date for which figures were available. Actually the Reichsbank still publishes weekly statements of note circulation the last one of which showed a total circulation of over fourteen billion reichmarks. This figure does not include fractional currency or some 1.1 billion marks of Renten bank notes. The circulation on December 31, 1933 was only 3.6 billion marks. The article also quotes the assertion of the "author" (unnamed) of the German Soviet Trade Agreement stating that the Soviets had furnished Germany a million bales of cotton within the last year.

Recently a high official of the Foreign Office

remarked

-2- 1319, April 7, 4 p.m. from Berlin via Bern

remarked rather naively in private conversation with a member of the Embassy that articles of the writer under reference might be very useful in bringing the German viewpoint before the United States. (END OF MESSAGE)

MORRIS

CSB

PSF: Welles folder
1-41

File
Personal

THE UNDER SECRETARY OF STATE
WASHINGTON

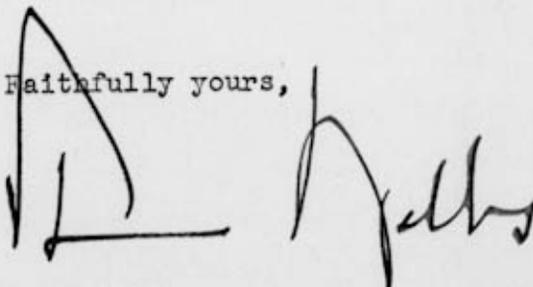
April 12, 1941

My dear Mr. President:

I am enclosing a further telegram from our Em-
bassy in Berlin with regard to John Cudahy.

Believe me

Faithfully yours,



Enc.
Telegram 1397
from Berlin.

The President,
The White House.

GMW
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (D)

Berlin

Dated April 11, 1941

Rec'd 3:50 p.m.

Secretary of State,
Washington.

RUSH.

1397, April 11, 2 p.m.

Reference your telegram 552, February 26, 4 p.m.

The person concerned has been invited to an inter-
view today at 3 p.m. with Foreign Minister Ribbentrop.
Please do not release this information until after it
may have been reported publicly. It may be that an
attempt will be made to keep the interview confidential.
If this is so my source of information, which is from
within the government, could be easily traced in case of
publicity in the United States.

MORRIS

GW

Visit of former Ambassador Cudahy to Europe.

PSF; Walker Folder
1-41
file
personal

THE UNDER SECRETARY OF STATE
WASHINGTON

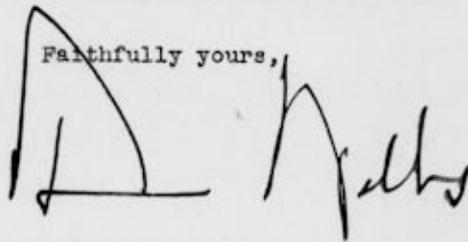
April 17, 1941

My dear Mr. President:

I believe you will be interested in reading two despatches received from our Consul at Port Said which relate to the effects of the war on the Suez Canal, as well as a covering memorandum prepared by the Chief of the Division of Near Eastern Affairs in this Department.

Believe me

Faithfully yours,



Enclosures.

The President,
The White House.

COPY

DEPARTMENT OF STATE
DIVISION OF NEAR EASTERN AFFAIRS

April 15, 1941

WAR CONDITIONS IN THE SUEZ CANAL AND
THE PORT OF SUEZ

With reference to the recent Executive Order which in effect opens up the Red Sea and the Suez Canal to American shipping, the two attached despatches from the Consul at Port Said 'Nos. 94 and 100 of February 8 and March 3, 1941) give an excellent description of conditions arising from the war in the Suez Canal area.

Axis air attacks on the Canal are under the direction of a German named von Prettwinkel, who is stationed at Rhodes. For twenty years, von Prettwinkel was a pilot in the service of the Suez Canal Company, and during that period he performed duty in all sectors of the Canal. He resigned two months before the outbreak of war, thereby losing all claim to a generous pension.

The northern half of the Canal is in sandy or muddy soil, and is easy to dredge if the channel must be enlarged to get around a wreck. The southern half of the Canal passes through rock strata, consequently dredging there is much more difficult. The Germans are well informed of this,

this, and in their mining raids they have concentrated on the southern section.

Since January 17, 1941, bombing raids have been given up as relatively ineffective and replaced by mine-laying raids over the southern section, as above stated. For this reason, British defense units in the northern (Port Said-Ismailia) section have been replaced by Egyptian units, and British defense measures in the southern (Ismailia-Suez Section) have been strengthened.

The mine-laying raids have caused considerable trouble. At least two types of delayed action mines are being used. One type lies on the bottom of the Canal and has a mechanism which is set to release after a given number of ships has passed over it. When the release is reached, the mine becomes an ordinary magnetic mine and explodes at the passage of the next vessel.

The other type lies on the bottom when dropped. After five days the mine rises in the water to a position where it functions as an ordinary contact mine. In consequence, at least five days must now elapse after every raid to make sure that all of the five-day type rise to the surface.

On February 3, the British S.S. RANEE (about 5,000 tons) was sunk by a mine, with 22 casualties, a little to the south of Ismailia, completely blocking the Canal to sea-going vessels. On February 4, the Greek S.S. AGHIOS

GEORGHIOS

GEORGHIOS (about 4,000 tons) was also sunk by a mine with seven casualties, fifteen miles from the southern end, her position being that the bow was close to the bank and the stern out in the center of the Canal. In consequence, eighteen vessels were trapped between these two points until the Canal could be unblocked. Two other vessels struck mines in the Bitter Lakes with loss of life, but apparently were not sunk.

Since the last of these despatches was written, the Canal has been opened and closed intermittently.

Counter-measures taken by the British are as follows:

1. Posting observers along the Canal to note where mines are dropped.
2. Establishment of numerous machine-gun and anti-aircraft defense posts.
3. Towing, by low-flying aircraft, of devices to explode magnetic mines.
4. Equipment of a huge airfield on the shore of the Little Bitter Lake.
5. Balloon barrage.
6. Mine sweeping.
7. Laying nets in the Canal making it possible to lift out any mine dropped.
8. By means of steel cable rigs and tackles, dragging the projecting ends of vessels as close to the bank as possible.
9. Widening the Canal around sunken ships by dredging.

It is apparent from the foregoing that the Suez Canal is a dangerous body of water for American ships to penetrate, regardless of the nature of the cargo they may be carrying. Moreover, it is hardly conceivable that the Axis powers would suffer the unloading at Suez (at the southern end of the Canal), from American vessels, of war materials destined for the Allied forces, without bombing such vessels by planes based on Rhodes, Libya, or both.

We understand that the legal questions arising from opening up the Red Sea and the Suez Canal to American ships are under consideration by the Division of Controls.

Wallace Murray

No. 100

AMERICAN CONSULATE

Port Said, Egypt, March 3, 1941.

~~STRICTLY CONFIDENTIAL~~

Subject: EFFECTS OF WAR ON SUEZ CANAL ZONE: CONDITION OF SUEZ CANAL AFTER MIMELAYING AIR RAIDS OF FEBRUARY 18 AND 22, 1941.

The Honorable

The Secretary of State,

Washington.

Sir:

With reference to my strictly confidential despatch No. 94 of February 8, 1941 regarding the effects on the Suez Canal of the Axis air raid of January 30, 1941, I now have the honor to report regarding the condition of the Canal subsequent to the later air raids of February 18 and 22, 1941.

1. DEFENSES

Various inspection trips which I have made (the last was on March 2, 1941), show that the British soldiers mounting guard at the Bren rifle posts along the Canal between Port Said and Ismailia have been relieved by soldiers of the Egyptian army; this statement does not include the contingent of British troops still stationed at Km. 44 (El Kantara), at Km. 62 (1) (small Australian camp) and at the ferry and pontoon bridge at Km. 76.

All the British-manned Bren rifle posts on the Canal between Ismailia and Suez are now connected by a field telephone and buzzer system, so that the alarm may be given from any post along the line.

A four

Note. The kilometer readings given are those of the Suez Canal itself as marked on the Canal Company's official maps, reading from Port Said Lighthouse to the channel buoys just south of Port Tewfik (total distance: 162 kilometers or 101 1/2 miles). They do not refer to the road or railway.

A four element (horn) aircraft sound detector post with electrical headphones was observed at Km. 83.6 at the site of the wreck of the SS. "RANEE", and another Bofors gun has been mounted nearby.

I have received official information that the British authorities are preparing to meet the menace of the German mines by barrage balloons, and by nets in sections extending the length of the Canal and making it possible to lift out any mine dropped. Yesterday I saw some five or six barrage balloons being inflated along the Canal near Suez and I understand they are to be put in service as rapidly as they arrive.

There is evidence of careful thought in the selection of British troops to guard the sector of the Canal between Ismailia and Suez. Whereas the part of the Canal north of the Bitter Lakes now guarded by Egyptian soldiers is on the main sandy or muddy and is therefore easy to dredge if the channel must be enlarged to get around a wreck, or to repair if a large bomb or mine injures the banks, the southern part passes through rock strata and the task of dredging, widening or repairing is very much more difficult. It has been evident from the minelaying raids that the Germans are well informed as to the difficulty of dealing with wrecks in the southern stretch of the Canal and in this connection I understand from an official source that the minelaying raids are being conducted from the Island of Rhodes and are commanded by a German named von Prettwinkel who held an air pilot's license and who was for twenty years a Canal pilot in the service of the Company. During his period of service, he occasioned some surprise at his persistence in being moved for duty to all sectors of the Canal in turn. Two months before the outbreak of war in September 1939, he asked for sixty days leave of absence. As he was not due for leave, his request

his request was refused, whereupon he resigned and left Egypt, thereby losing an extremely well paid position and all claim to a most generous pension. I have also heard from several sources (including one British naval source), but have not had what I consider official confirmation, of a broadcast by von Prettwinkel (place unspecified) wherein he is reported to have said that he always was well-treated by the people of Port Said and by the Canal Company; that he liked them and would avoid injury to them as far as he could, but that the interests of his country required the blocking of the Canal which he could and would accomplish. Whether this broadcast actually took place or not, the recent air raids show evidence of a thorough knowledge of the Canal and of its characteristics.

Defense is not entrusted, however, exclusively to the posts on the banks of the Canal. Small camps varying in size from about 15 to 50 men (judging by eye) are springing up, beginning south of El Kantara, in the desert at numerous points along the west bank of the Canal. Tents are pitched and mechanical transport run into shallow excavations in the sand with built-up sand embankments to protect them. The fact that no guns have yet been observed on the sector of the Canal north of Ismailia, furnishes further corroboration for the belief that the British Command is relatively unconcerned as regards danger to that sector.

2. BOMBS AND MINES

For the time being, the raiders appear to have given up the use of bombs since the raid of January 17 when a large bomb which they dropped into the shallow water and mud close to the retaining wall of the Canal at Km. 44 (El Kantara) failed to explode. This bomb has now been extracted from the mud by British Army engineers; it weighed one thousand kilograms, measured three yards from nose to tail and two and a quarter yards in circumference.

The situation

The situation as regards mines is somewhat more serious. I gather from a number of talks with an official source that the British Naval Authorities themselves have not entirely fathomed the secrets of the mines used by the Germans. There seems, however, to be ground for the belief that at least two different types of delayed action mine are being used. One lies on the bottom of the Canal and is fitted with a mechanism which can be set in advance to release after a given number of ships has passed over it. Each ship passing over advances it one position until it finally reaches the release, when a circuit is closed. The mine then becomes an ordinary magnetic mine and explodes at the passage of the next vessel. The second type of mine lies on the bottom when dropped. Through a special valve-opening there ensues a slow leakage of mercury, and after five days the mine rises in the water to a position where it functions as an ordinary contact mine; the mercury leakage apparently also sets in motion another chemical process which adds to the buoyancy of the mine besides closing the connection of its detonator. These mines have been dropped by silk and in some cases aluminum parachutes from low-flying bombers at night. I am told that a mine expert has been brought out from England and that he has been working with picked assistants at a few of the mines recovered from the Canal unexploded. He managed to open one of the mines and get a peep at its mechanism. Further dissection, however, was contingent on the removal of a device which obviously unscrewed by means of a handle. A wooden lever was made fast to the handle and the end of the lever attached to some 500 yards of lanyard. When the expert and his assistants had got into a trench at about that distance from the mine, they pulled the lanyard and the mine exploded. So far they have apparently not found the secret of these booby traps.

As a result, however, the Canal is only now navigable with the greatest care, and naval drifters even yesterday were still observed plying up and down the length of the Canal towing each separately a sweep extending in a straight line some 400 yards behind the vessel and connected to it by tubing as well as by the towing cables. At least five days must now elapse after every raid to make sure that all of the five-day type of mine rise to the surface, and it is interesting to note that after each minelaying raid, no enemy reconnaissance flight has taken place for at least five days.

3. NAVIGABILITY OF CANAL

At the time of writing, the Canal is technically navigable, but practically no vessels are being allowed to transit in view of the uncertainty still prevailing. The wrecks of the cargo vessels SS. "HAKKEE" and SS. "AGHIOS GEORGIOS" are still lying at Kilometers 83.6 and 141 respectively, but the angles which they make with the west bank of the Canal have been appreciably reduced by steel cable rig and tackles attached at one end to the bow or stern of the vessel (whichever projects into the stream) and at the other to the mooring bollards built-in every 50 meters along the Canal banks. No attempt has been made to break up the two vessels with explosives and this is believed to be partly due to the reported reluctance of the Canal Company engineers to allow the use of the Company's largest floating crane to lift and remove the pieces. They are understood to claim that this crane (lifting power about 100 tons and built in England) is irreplaceable if bombed by enemy attack and that it would be a direct target if working near the sunken ships, as its float can only be towed very slowly. The Company's dredgers, however, have been steadily at work widening the channel around the two sunken ships and if it were not for the fear of yet unexploded mines, it is believed vessels up to 10,000 tons could get past with care and the assistance of the Company's 3,000 horsepower tugs, one of which is stationed near each wreck.

Since

Since the date of my despatch No. 94 previously mentioned I have seen another small wreck at Km. 137 (just south of the opening of the Canal into the Little Bitter Lake), but this is a small Canal Company steam scow of not more than a few hundred tons; she was sunk on February 4 close in to the west bank and does not interfere appreciably with navigation. Only her funnel shows above water and as the bank of the Canal is high at that point, she was not visible on my first hurried trip.

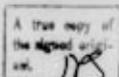
Respectfully yours,

B. Heath Riggs,
American Consul.

Despatch: In quintuplicate
Copy to the American Legation,
Cairo.

File No. 815.6/711/881

EAR/JPS



AMERICAN CONSULATE

Port Said, Egypt, February 8, 1941.

~~CONFIDENTIAL~~

Subject: EFFECTS OF WAR ON SUEZ CANAL ZONE; RESULTS OF AXIS BOMBING AND MINELAYING AIR RAID OF JANUARY 30, 1941 AND DEFENSE MEASURES SO FAR ADOPTED.

The Honorable

The Secretary of State,

Washington.

Sir:

I have the honor to report that I made an inspection trip the entire length of the Suez Canal today to note the results of the air raid of January 30, 1941, stated to have been made by six Junkers 88 airplanes, and to observe what measures the British authorities had taken to reinforce the defense of the Canal since the above-mentioned raid.

It may be said that the raid of January 17, 1941 produced poor results from the Axis point-of-view. As far as is known, only bombs were dropped on that raid and the damage at three places where bombs dropped in the Abbasieh (fresh water canal) damaging it and the Canal road, were repaired in a few days time, the Canal traffic suffering no interruption. But now the British naval and military authorities have taken urgent measures to cope with a hitherto apparently unexpected menace.

Beginning

Beginning at the filtration plant at Port Said, there are some 45 machine-gun posts now dug in and protected with sandbags on the earth slope of the west bank of the Suez Canal between Port Said and Kantara (distance of 45 kilometers) (1) and some four to five were observed on the banks of the fresh water canal (Abbasieh Canal) between the road and the railway line. Between Port Said and kilometer 14 these posts are each manned by four Egyptian soldiers, but from kilometer 14 south the soldiers are British, and each post mounts a Bren semi-automatic rifle on a collapsible rest. The main objective of the air raid of January 30 was the dropping of mines in the Canal, and the present blocking of the Canal is partly due to ships having struck mines of which the position could not be discovered owing to the lack of observers when the mines were dropped by parachutes from low-flying airplanes in darkness (there was no moon), and partly to the use of a new type of mine which may not explode until two or more vessels have gone over it. Hence it seems fairly clear that these posts are intended primarily to spot the places where mines may be dropped in future raids and secondarily as defense against low-flying mine-laying airplanes.

From Kantara to Ismailia (distance 33 kilometers) there are 16 similar posts visible on the west bank of the Canal. Defenses at Ismailia are difficult to observe owing to trees and houses hiding the terrain, but it was noticed that the British forces have now completed a pontoon bridge across the Canal parallel to the
ferry

(1) Note.

The kilometer readings given are those of the Ship Canal itself as marked on the Canal Company's official maps, reading from Port Said lighthouse to the channel buoys just south of Port Tewfik (total distance: 162 kilometers or 87 1/2 miles. They do not refer to the road or railway.

ferry leading to the Palestine road near the Canal Company's hospital of St. Vincent de Paul at Ismailia (kilometer 76); the bridge is constructed so that it may be swung back on each side to the banks for the passage of ships. On the stretch of the Canal from the southern exit of Lake Timsah to the northern entrance of the Great Bitter Lake, (a distance of 18 kilometers) 29 similar machine-gun posts were noted and likewise along this stretch at Kilometers 88 and 96, two light anti-aircraft bell-mouthed Bofors guns mounted on a four-wheeled pneumatic-tired chassis and fitted with wing peep-sights. Two more of these Bofors guns were disposed within a radius of some 300 yards from the northern opening of the Canal into the Great Bitter Lake, where there is an encampment of Indian troops. Doubtless due to the fact that the ship channel passes down the centre of the Great Bitter Lake, no defenses were observed on the lake shore, but four more Bofors guns were disposed along the western banks of the Canal southwards from the southern entrance of the Little Bitter Lake, in addition to some ten or fifteen further Bren rifle posts between there and Suez.

At Kilometer 84 (just south of the Canal war monument below Ismailia) the British S.S. "RAMSES" (about 5000 tons) is lying athwart the Canal where she has been sunk by a mine. The stern of the vessel is completely under water with only the stern anti-submarine gun emerging. Just abaft the funnel the hull emerges from the water at a sharp angle and the bow is up in the air, suggesting that the

vessel's

vessel's back was broken by the explosion of the mine. Nine of her crew were killed and thirteen injured; divers were at work making an inspection. This vessel, understood to have been sunk on February 3, alone completely blocks the Canal, as it would be impossible for anything but a tug or another small shallow-draft vessel to get around her. Eleven vessels were counted at anchor in the Great Bitter Lake.

The Dutch passenger S.S. "CURIS. HUYGENS" was moored at the southern extremity of the Little Bitter Lake where the Canal enters it. Beginning at the Canal Company's station at that point (Kilometer 134) seven vessels were moored in the Canal itself within a distance of about 6 Kilometers, being able neither to back out nor advance.

At Kilometer 141 the Greek cargo S.S. "AGHIOS GEORGIOS" (about 4000 tons) had been sunk on February 4 by a mine in the Canal, killing the Captain and two officers and injuring seven of the crew. Her decks were completely awash, but she was lying on an even keel with only the tip of her bow, the masts, the funnel and bridge superstructure, the engine-room skylight hatches and half of the large stern tiller-wheel showing above water. The bow is close to the bank and the stern out in the centre of the Canal, the ship making an angle of about 55 degrees with the west bank. One of the Bofors guns has been sited on the Canal road which at that point runs parallel to the west bank at a distance of about 50 yards. Between the northern opening of the Great Bitter Lake (Kilometer 100) and the southern opening of Lake Tinnah (Kilometer 80) the Canal was being "irradiated" by two British airplanes flying continuously up and down it and around Lake Tinnah at an altitude of not more than 100 feet above the water; these two airplanes flew within 50 feet of me and were fitted with the device

used

used by the British for exploding magnetic mines, namely, a large hoop about 10 or 15 feet in diameter carried below but attached to the wings and fuselage. Considerable air activity by flying planes was noted near Suen and the sound of heavy explosions was repeatedly heard, suggesting gun practice. Although a Canal Company steam scow and the British cargo S.S. "DERWENTWATER" are also understood to have struck mines in the Bitter Lakes, with loss of life in the scow, no trace of them was visible.

Hangars are now being erected on the huge airfield at Kilometer 128 (western shore of Little Bitter Lake just below Kabret peninsula) for which asphalt runways have been in process of preparation for nearly a year.

Respectfully yours,

B. Heath Riggs,
American Consul.

Despatch : In quintuplicate
Copy to the American Legation, Cairo.

A true copy of
the signed original.
JPS

File No. 815.6/711/881
HGR/ JPS

Beaumont

PSF: Wallace Folder
1-41

*file
Confidential*

THE UNDER SECRETARY OF STATE
WASHINGTON

April 21, 1941

Wed

My dear Mr. President:

The attached telegram which came in this morning raises very clearly a question that has been worrying me for some time past.

I have held the view for a long while, as I know you have, that our codes have been broken, and, although steps have been taken to remedy this, it will undoubtedly take some time before new codes which we believe really watertight can be developed. While War and Navy assure me that their present codes are safe, I suppose it is at least open to question whether they are actually still secret. In any event, cables are coming through daily from the Embassy in London, as well as from the military attachés and observers in the Balkans and in the Near East, which contain a great volume of the most highly secret information concerning British requirements and the present British military situation.

The President,

The White House.

I should like to recommend that this question be taken up for urgent review and that at the same time instructions be issued by you limiting specifically the number of individuals in the Government to whom information of this character is made available.

I discussed the problem this morning, at the meeting of the Liaison Committee, with General Marshall and Admiral Stark and I find that they are equally concerned about the situation. They feel that it is in the highest degree desirable that steps be taken at once to supplement the present telegraphic communication (which they consider highly dangerous) with an aviation courier service and that secret information regarding the British military and naval positions be made available to the smallest possible number of individuals.

May I submit for your consideration the desirability of your having a meeting as soon as possible with the following:

The Secretary of State;

The Secretary of War, General Marshall and General Miles;

The Secretary of the Navy, Admiral Stark, Admiral Reeves and Captain Kirk;

Harry Hopkins and General Burns.

If you approve, you could indicate at this meeting the remedial measures which you believe should be undertaken to correct what I believe is an increasingly dangerous situation.

Believe me

Faithfully yours,

Enc. Telegram No. 111, Beirut.

JM
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (SC)

Beirut

Dated April 18, 1941

Rec'd 6:20 p.m., 19th

Secretary of State,
Washington.

111, April 18, 11 a.m.

~~STRICTLY CONFIDENTIAL~~ FOR THE SECRETARY AND
UNDERSECRETARY.

A high French army officer with pro-British sympathies informs me a member of the Italian Armistice Commission in Beirut told him that the only reason Germany does not wish to break off diplomatic relations with the United States is because the German High Command is getting its most valuable military information from American sources. He stated that ever since last Summer, when the Anglo-American cooperation became more intimate, the Germans had been getting extremely important details regarding British preparations and intentions from American officials and others to whom British officials had communicated information the secret nature of which was not realized by the Americans who quite innocently divulged it to persons in touch with German agents or with the German Embassy in Washington.

ENGERT.

PSFip Welles Folder

Tuesday¹⁻⁴¹



THE WILLARD HOTEL

WASHINGTON, D. C.

Dear Miss L. Nech.

These days are
so crowded with
desperately important
things, that I don't like
to even telephone you —
but please do fit me
in for two minutes with
the President — as soon
as humanly possible!

Repeated cables
are coming to me from

London, saying Wunant
has cabled that he has
asked me to see the
President as he (Wunant)
doesn't wish to cable
direct.

I fail to understand
why, but realize that both
Wunant & my sister are
having increasingly
painful & unfortunate
time

I shall continue to wait
by the telephone for a
call from you -
I See Roberts:-



THE WILLARD HOTEL
WASHINGTON, D. C.

Dear Miss Letland -

Something has come
up which makes it necessary
for me to go back to New York
on 2.15 plane. This afternoon -

I'm increasingly
unhappy about Kermit & much
perturbed that no cable has
come in answer to the one
the President sent on Tuesday.

If you have news will
you telephone me at Rm 4-0390
or Rm 7-1700. I shall return

to Washington Sunday P.M. -
or at Patient will be here
early Monday morning.
Perhaps you will be able to
see me for a few minutes
in any case -

In great haste
Sincerely yours -
Rue Roberts -

Friday



THE WILLARD HOTEL
WASHINGTON, D. C.

7

Dear Mrs. F. Hand.

Hereto-pero brief
Encounters on the "Zur"
or telephone conversations
have been our only contact
So it was lovely having
that drive with you
yesterday. For always
far - close to you anyway
because of Kermit's
admiration + affection!
Kermit's condition

is pretty desperate of
my sister would never
have sent that cable -
So I shall wait here
at the Wireless until
some sort of answer
comes from Vienna.

Thanking you for your
never failing kindness
to me -

Sincerely yours
Theodor Roosevelt

Wednesday

THE WHITE HOUSE
WASHINGTON

April 29, 1941.

MEMORANDUM FOR
THE UNDER SECRETARY OF STATE

Will you be good enough
to have this cable sent to Winant?

F. D. R.

PERSONAL &
~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

CABLE

April 29, 1941.

WINANT

Belle and I have discussed wires from you and Herbert and feel there must be some element in situation we do not understand. We still think the Canada suggestion is open to great difficulties and publicity here. Therefore, is it not possible arrange as we suggested for furlough in England or Scotland under adequate supervision on ground of ill health?

Surely the facilities for tactful and quiet handling of shell-shock and similar individual cases must be much simpler over there than in U. S. or Canada where every detail is printed willy-nilly.

We must, of course, accept judgment of you and Herbert who are on the spot but feel you both should know great problems at this end with greater ultimate dangers.

F. D. R.

Winant

Personal and confidential

Balk and I have discussed views from you and Herbert and feel there must be some element in situation we do not understand. We still think the Canada suggestion is open to great difficulties and publicity here. Therefore is it not possible arrange as we suggested for furlough in England or Scotland ~~on furlough~~ under adequate supervision on ground of ill health.

Surely the facilities for tactful and quiet handling of shell shock and similar individual cases must be much simpler over there than in U.S. or Canada where every detail is printed willy-nilly.

We must of course accept judgment of you and Herbert who are on the spot but feel you both should know great problems at this end with greater ultimate dangers.

F. J. P.

*file
personal*

JR
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (SC)

London

Dated April 25, 1941

Rec'd 2:40 p.m.

Secretary of State,
Washington.

RUSH.

1638, April 25, 7 p.m.

PERSONAL FOR THE PRESIDENT.

Have been seeing Kermit. Health not good. Transfer
or furlough necessary. Asked Belle to see you. Gill.

WINANT

HTM

PSF: Welles Folder
1-41

THE WHITE HOUSE
WASHINGTON

PRIVATE & CONFIDENTIAL

April 22, 1941.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

Will you send the enclosed to Winant in code? The situation is that Kermit has been drinking rather continuously since the Norwegian campaign and something must be done about it. Naturally his family do not want him cashiered from the British Army, as his drinking has really reached the disease stage.

In view of his children, it is best that he be placed under

THE WHITE HOUSE
WASHINGTON

-2-

strict supervision on the other side, rather than be sent home or to Canada now.

When a reply comes from Winant, please send it to me directly.

F. D. R.

PSF: Walter Fisher
1-41

THE WHITE HOUSE
WASHINGTON

PRIVATE & CONFIDENTIAL

April 22, 1941.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

Will you send the enclosed to Winant in code? The situation is that Kermit has been drinking rather continuously since the Norwegian campaign and something must be done about it. Naturally his family do not want him cashiered from the British Army, as his drinking has really reached the disease stage.

In view of his children, it is best that he be placed under

PRIVATE

April 22, 1941.

WINANT

LONDON

I am greatly concerned over health of Kermit. I would greatly appreciate if you would look into the whole situation personally and use your best judgment as to what should be done.

From what we hear it would seem impossible he continue on active duty Army, and it might be possible he be furloughed indefinitely on ground of ill health.

At same time it is hoped publicity could then be avoided. Situation might call for close personal supervision for him in such manner as you would think best. My own thought is that if this were possible in England or Scotland it would be better than any transfer to Canada or here at this time.

Please let me know what you think.

FRANKLIN D. ROOSEVELT

Private

C. W. Mount

I am greatly concerned over health of Kermit I would greatly appreciate if you would look into the whole situation personally and use your best judgment as to what should be done.

From what we hear it would seem impossible he continue on active duty Army, and it might be possible he be furloughed indefinitely on ground of ill health.

At some time it is hoped publicity could then be avoided. ~~and~~ Situation might call for close personal supervision for him ~~AM~~ in such manner as you would think best. My own thought is that if this were possible in England or Scotland it would be better than any transfer to Canada or here at this time.

Please let me know what you think

Franklin S. Spencer

4
Transfers and
Transfers for your
understanding &
help. See.

PARAPHRASE OF TELEGRAM NO. 1926 OF MAY 15 FROM
THE AMERICAN EMBASSY AT LONDON FOR PRESIDENT
ROOSEVELT

Your worry about the health of Kermit is sincerely appreciated by me. He bore up very well in the Norway campaign and although many of the soldiers had dropped their guns, he was carrying two rifles at the time they debarked. He was subsequently hospitalized to England from the Near East, where he got chronic dysentery. He was invalided out of active service after a bad kidney was discovered by the medical examining board. Recently I have seen much of him and he is a good deal better. He has been offered by General Smuts an officership in the Army in South Africa of the same rank as he had with the British, together with an attachment to the High Commissioner in London or somewhere else. There is also available another responsible position in Scotland with the British service. He wants to go home to see his 84-year old mother, who is not in good health, before considering these suggestions. My recommendation would be that he go home and I should like for him to obtain permission to travel via Canada on a British ship. We have discarded, however, the suggestion of Canadian service.

THE WHITE HOUSE
WASHINGTON

May 15, 1941.

MEMORANDUM FOR

THE P. S.

Will you paraphrase this message and telephone it to Belle Roosevelt and ask here what she thinks we should do?

F. D. R.

EH
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (SC)

London
Dated May 15, 1941
Rec'd 6 a.m.

Secretary of State,
Washington.

1926, May 15, 11 a.m.

PERSONAL FOR THE PRESIDENT.

I appreciate your concern about Kermit's health. In the Norway campaign he stood up well and at the time of the debarkation was lugging two rifles although many men had abandoned their weapons. In the Near East he was taken with chronic dysentery and was hospitalized to England. The medical examining board found he had a bad kidney and he was invalided out of active service. This was a great disappointment to him. I have seen a good deal of him and he is in much better health. General Smuts has offered him the same rank in the South African Army as he held in the British Army, attaching him to the High Commissioner in London or elsewhere. Another position of responsibility is available for him in the English service in Scotland. Before considering either of these offers he wants to go home and see his mother who is now 84 and not well. I would

recommend

EH -2- 1926, May 15, 11 a.m. from London.

recommend that he do this and would like very much to get permission for him to return on a British ship via Canada. The idea of service in Canada, however, we have abandoned.

WINANT

EMB

THE WHITE HOUSE
WASHINGTON

May 19, 1941.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

The enclosed was given to me by Myron Taylor. I think he got it from a friend. Please return for my files.

F. D. R.

Memorandum in re financial, economic and political situations in Peru, Chile, Argentina, and Brazil.

Hull's Folder

Hull

THE UNDER SECRETARY OF STATE
WASHINGTON

May 19, 1941.

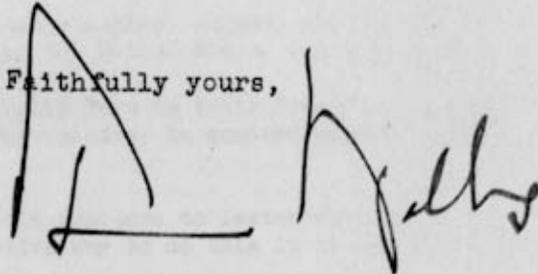
My dear Mr. President:

I am returning herewith, in accordance with your request, the memorandum given to you by Myron Taylor which you sent me under date of May 19.

I have read the memorandum with much interest.

Believe me

Faithfully yours,

A handwritten signature in dark ink, appearing to read "C. Hull". The signature is written in a cursive style with a large, prominent initial "C" and a long horizontal stroke at the end.

Enc.

The President,
The White House.

Chile (Cont'd)

PERU

Peru has at present a sound and stable government. Economically, they are better off than any other South American country. This may be accounted for by

- (1) Ability to find replacement markets for those now closed in Europe
- (2) Diversity of products and crops
- (3) Gold production
- (4) Efficient and honest administration by the Finance Minister Dasso.

Mr. Dasso returned from the United States, where he occupied an important executive position with a leading American firm, at the invitation of the President of Peru, to assume the post of Finance Minister. Under his able leadership Peru is becoming steadily stronger from an economic and financial standpoint.

No exchange control exists, and the \$2,000,000.00 stabilization loan from the United States has not been used.

Politically Peru is truly friendly to the United States and could, in my opinion, be counted upon in the event of need.

We should continue to foster our good relations with Peru. The most effective way to do this is to buy Peruvian products.

CHILE

Financially, economically and politically Chile is at a very low point.

The Government is in fact communistic, and the leftist groups are shamefully exploiting the country.

The country is rife with Nazi and Fascist propaganda and organizations who have taken and are taking full advantage of the deplorable lack of political unity of the Chileans.

Chile (Cont'd)

The United States should insist on a political house-cleaning before extending any further financial or economic assistance.

I am fully convinced that a Nazi coup in Chile would succeed, should Berlin give the order.

A R G E N T I N A

The Argentine perhaps more than any other South American country has suffered from loss of markets due to the war.

The man on the street likes - in fact has in great measure a childlike "hero worship" of all things American. This is due to the fact that American movies, popular music, and those purely material and sensual products of America such as automobiles, radios, electric refrigerators etc. represent to him the promise and the evidence of a better life.

However, the Government and in general the "upper classes" are in varying degree anti-American. Such anti-Americanism in many cases expresses itself by pro-Europeanism. Such pro-Europeanism may be understood in view of the fact that Argentine's cultural relations are predominantly with Europe. In addition Europe, especially England, has always been Argentine's best customer. Prior to the outbreak of the present war England bent every effort to foster this pro-Europeanism or pro British feeling and did not hesitate to insist upon preferential commercial treatment. In some respects this pre-war activity of the British is now acting as a boomerang to her present interest.

Presently there is a very tangled political situation in the Argentine. President Ortiz is one of the heirs of the dictator presidents that came into power during the revolution of 1931. These dictator presidents have maintained the line of succession by disfranchisement of large numbers in the Provinces. Should the Provinces exercise their constitutional rights there is no doubt that the radical party (which is a left center party) and led by Ex-President Alvear, would come into power. The dictator presidents, however, have successively and successfully prevented the exercise of the will of the people.

President Ortiz, it appears, has had a change of heart and has wanted to hand back the mandate to the people and for this is considered more or less persona non grata with the other politicians surrounding the group responsible for the succession of the line of dictator presidents.

Argentina (Cont'd)

The opposition to President Ortiz is centered in the Vice President, Sr. Castillo. The situation is further aggravated by the fact that President Ortiz is practically blind as result of acute diabetes from which he is suffering. Sr. Castillo and his adherents have practically succeeded in nullifying all the power of President Ortiz under the pretext that he is physically not able to discharge his responsibilities as President.

Vice President Castillo is reputed to be fascist in his attitude toward the Government of the Argentina and consequently favorable to the dictators in Europe. It is said that it is he who is responsible for the protection of the widely spread and efficiently organized foreign groups in the Argentine. There is no question that the Nazi and Fascist organizations in the Argentine are not only well organized and extensive, but very powerful and have exerted and are exerting a tremendous influence contrary to the interests of Western Hemisphere solidarity and President Roosevelt's good neighbor policy.

Argentine, economically, is suffering perhaps more than any other nation from loss of markets. As result the Argentine economically is fast working up to a complete "stall" unless some effective relief can be given by the United States. The most effective way to help Argentine and help ourselves is to buy large quantities of Argentine products. This would be much more effective than a loan which at best would be only a palliative and solve none of Argentine's difficulties.

Should the radical party led by ex-president Alvear gain control which control could only be the result of handing back to the people their right to vote, then I am sure the attitude of the Argentine Government toward America would greatly and fundamentally improve.

I had the pleasure of an audience with ex president Alvear whom I knew years ago when I lived in the Argentine and when he was President of the Argentine. In ex-president Alvear's own words the Argentine "should open its arms to America."

B R A Z I L

Under the benevolent dictatorship of President Vargas Brazil has made and is making tremendous strides. Despite this not much overall progress is being made.

Brazil (Cont'd)

President Vargas has succeeded in maintaining his benevolent dictatorship for ten years and there are indications that he is finding it increasingly difficult to maintain control. The State of Sao Paulo, the richest of all the states in Brazil, is still chafing under the sting of the defeat suffered by them some ten years ago, and there is a spirit and feeling of insecurity thruout all Brazil.

Vargas being a dictator even tho benevolent has, as can be supposed, leanings toward the dictators in Europe. The Brazilian Army is said to be almost to a man pro-nazi. The Navy and no doubt due to the long association it has had with the American Navy is pro-American. It is most significant that very recently President Vargas created a separate air force, independent of both the Army and Navy and reporting directly to him.

In the same way that Argentine's cultural relations are all with Europe so are Brazil's, tho to a somewhat lesser extent. In addition there is apparently no great love for England in Brazil. The Government loves and admires the efficiency of the dictator nations in Europe and looks askance at the sometimes fawning efforts of America to buy Brazil's friendship and loyalty.

* * *

In resume I would say that what we need in South America is a more realistic policy with less emphasis on the cultural and more stress on the economic realities of the difficult situation in which most of South America finds itself. Such a policy of realism, coupled with one of frank self interest and determination on our part would do much to accomplish what is interpreted as being our real objective in our treatment of the other nations of the Western Hemisphere - namely our own self interest and protection.

May 14, 1941

THE WHITE HOUSE
WASHINGTON

May 20, 1941.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

In view of this information about the use of French blocked funds to build up a French reserve in South America, I suggest that, without in any way disclosing the source, some specific limit be placed on these funds so that only actual "out-of-pocket" expenditures be covered.

F. D. R.

This refers to a State Department dispatch from Ambassador Caffery at Rio de Janeiro, dated May 18, 1941.

THE UNDER SECRETARY OF STATE
WASHINGTON

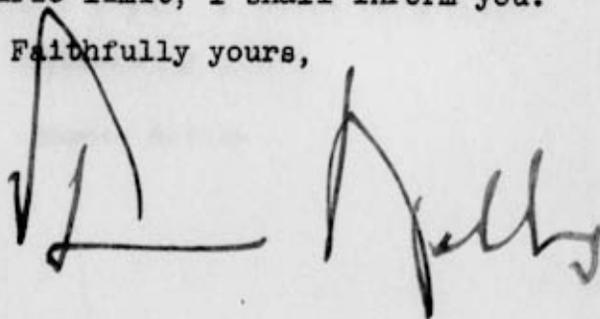
May 28. 1941

My dear Mr. President:

I refer to your memorandum of May 20, 1941 relating to the use of French blocked funds to build up a French reserve in South America.

The Secretary of the Treasury has been informed of your desires in this respect with a view to working out some method through which this end may be achieved. As soon as the two Departments can arrange some way of establishing a specific limit, I shall inform you.

Faithfully yours,



The President,
The White House.

May 20, 1941

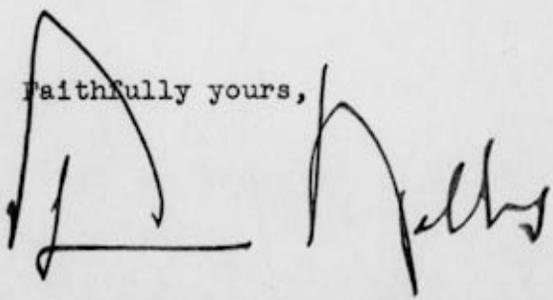
My dear Mr. President:

In accordance with your request of yesterday, I am enclosing herewith the suggested draft message to the Congress.

Secretary Hull went over this draft this morning. I find that he is very definitely of the opinion that a message to the Congress of this character would be unwise at this time. From what he told me I understood that he had had the opportunity yesterday of talking to you about this question, but I feel that he would like to have a further opportunity of discussing his objections in greater detail with you.

Believe me

Faithfully yours,

A handwritten signature in dark ink, appearing to read 'C. Hull', with a large, sweeping initial 'C'.

Enclosure.

The President,
The White House.

May 19, 1941

DRAFT MESSAGE TO CONGRESS

In my address to the Congress on January 6, 1941, I felt it my duty to report that the future and safety of our country and of our democracy are overwhelmingly involved in events far beyond our borders. I pointed out that the tempo of modern warfare could very quickly bring a physical attack by the forces which are assailing the fundamental freedoms on every continent into our very midst.

This Government, upon learning of the acceptance by the French Government of so-called "collaboration" with Germany, issued on May 15 the following statement:

"The policy of this Government in its relations with the French Republic has been based upon the terms of the armistice between Germany and France and upon recognition of certain clear limitations imposed upon the French Government by this armistice. Furthermore, we have had assurances given by the head of the French State on behalf of his Government that it did not intend to agree to any collaboration with Germany which went beyond the requirements of that armistice agreement. This was the least that could be expected of a France which demanded respect

for its integrity.

"The people of France, who cherish still the ideals of liberty and free institutions and guard that love of these priceless possessions in their minds and hearts, can be counted on to hold out for these principles until the moment comes for their reestablishment. It is inconceivable they will willingly accept any agreement for so-called 'collaboration' which will in reality imply their alliance with a military power whose central and fundamental policy calls for the utter destruction of liberty, freedom and popular institutions everywhere.

"The people of the United States can hardly believe that the present Government of France could be brought to lend itself to a plan of voluntary alliance implied or otherwise which would apparently deliver up France and its Colonial Empire, including French African colonies and their Atlantic coasts with the menace which that involves to the peace and safety of the Western Hemisphere."

Since the date when I issued this statement, the first fruits of the negotiations for this "collaboration" have become known.

Airfields and other facilities in Syria, which it must be remembered is not a French colony, and is only held by France under the terms of a mandate, have been

made available to the German Army. German planes have within recent days utilized these fields, and have been given every facility there for the purpose of proceeding to Iraq, and perhaps to other points, in order to carry on military operations.

In an official communication addressed to this Government, the French Government maintains that it is obligated to render this assistance to Germany under the terms of the armistice agreement.

I find nothing in the armistice agreement between Germany and France giving Germany any right to use French airports in Syria for the purpose of carrying on her own belligerent activities.

Furthermore, Article 4 of the mandate agreement between France and the League of Nations, which was set forth in the Convention of 1924 between the United States and France, provides that "The Mandatory shall be responsible for seeing that no part of the territory of Syria and the Lebanon is ceded or leased or in any way placed under the control of a foreign power". In permitting German control

of the airfields and ground facilities in Syria, the Government of France has not only violated the mandate agreement, but has also clearly violated the Convention of 1924 with the United States.

This Government has already addressed a protest to the Government of France against this violation by France of her contractual obligations to the United States.

In the event that this new form of collaboration between France and Germany should extend to France's protectorates and colonies through the utilization by Germany of ports and airfields in these territories, a situation will immediately arise in northern and western Africa which would necessarily create profound concern on the part of the Government of the United States.

Because of developments in the nature of modern warfare, distances which once lent security no longer afford such security.

As a nation, we must recognize that certain powers under the leadership of Hitler are clearly pursuing a policy of world domination and of world conquest and are seeking

ultimately to place all peoples in a position of vassalage to them.

These powers can never gain that objective so long as they do not attain mastery of the seas.

The defense and security of the United States depend upon our being sure that control of the seas does not pass into the hands of powers whose policies jeopardize our continued existence and the continued existence of our American neighbors as free and independent peoples.

Were Germany and her allies now to obtain control, direct or indirect, over those ports and territories in West Africa north of the Equator and now under the sovereignty of the British, French, Spanish, Portuguese, or Liberian Governments, or over the islands of the Atlantic Ocean, not only would the present freedom of the Atlantic Ocean be menaced, but there would result therefrom a direct threat to the security of the Western Hemisphere.

The United States does not desire to acquire an additional foot of territory. It has no desire to see

modified the existing sovereignty in the regions I have mentioned.

But the seizure of, or control over, these areas, some of which are barely 1600 miles distant from the coast of South America, by powers which are bent on world conquest, would constitute so immediate a threat to the peace and safety of the Western Hemisphere that the situation arising therefrom could not be regarded passively by the United States.

The dangers inherent in the situation which I have described are such that I have felt it incumbent upon me to bring it to the attention of the Congress for its information.

DRAFT MESSAGE TO CONGRESS

not sent *Waller Folder*
file
personal

In my address to the Congress on January 6, 1941, I felt it my duty to report that the future and safety of our country and of our democracy are overwhelmingly involved in events far beyond our borders. I pointed out that the tempo of modern warfare could very quickly bring a physical attack by the forces which are assailing the fundamental freedoms on every continent into our very midst.

This Government, upon learning of the acceptance by the French Government of "collaboration" with Germany, yesterday issued the following statement:

"The policy of this Government in its relations with the French Republic has been based upon recognition of the limitations imposed upon the French Government by the terms of the armistice and the assurances given by the head of the French State on behalf of his Government that it did not intend to agree to any collaboration with Germany which went beyond the requirements of that armistice agreement. This was the least that could be expected of a France which demanded respect for its integrity.

"The people of France, who cherish still the ideals of liberty and free institutions and guard
that

that love of these priceless possessions in their minds and hearts, can be counted on to hold out for these principles until the moment comes for their reestablishment. It is inconceivable they will willingly accept any agreement for 'collaboration' which will constitute an alliance with a military power whose central and fundamental policy calls for the utter destruction of liberty, freedom and popular institutions everywhere.

"It is a matter of deep disappointment and surprise to the people of the United States that the present Government of France even as constituted would lend itself to a plan of voluntary alliance which would threaten to deliver over France and its Colonial Empire, including French continental Africa and its Atlantic coast with the menace which that involves to the peace and safety of the Western Hemisphere."

The time has now come when the United States finds it necessary to declare that it will not permit the control of the seas to pass to the hands of powers

which pursue their policy of world domination and of world conquest and which seek ultimately to place all peoples, including the 21 American Republics, in a position of vassalage to them.

The United States ~~firmly declares that~~, because of its obligation and intention to preserve the independence and integrity of the Western Hemisphere, ^{cannot} ~~it will not~~ acquiesce in the control by Axis Governments, directly or indirectly, of the islands of the Atlantic which lie south of the 40th degree, north latitude, or of ports or territories in West Africa south of that parallel of latitude and north of the Equator, now under the sovereignty of the British, French, Spanish, Portuguese, or Liberian Governments. Any passage of those islands, ports, or territories into the hands of the Axis powers would be regarded as constituting a direct threat to the security of the eastern coast of South America and, consequently, as a direct threat to the security of the United States.

The United States does not desire to acquire an additional foot of territory. It fully recognizes,

and has no desire to see modified, the existing sovereignty in these regions.

This is the same policy as that proclaimed by President Monroe 118 years ago. It has not the remotest connotation of any intention on the part of this Government to widen or to change that basic and traditional policy of the American people.

But because of the new implements of warfare which now exist, distances which once lent security, no longer afford such security.

Consequently, the possession of, or control over, these areas, some of which are barely 1200 miles distant from the coast of Brazil, by powers which are bent upon world conquest, would be regarded by this Government as an immediate threat to its own security, and to the peace and safety of the Western Hemisphere.

22 May 1941

PSF-Welles-1541

Memorandum by the Under Secretary of State (Welles) to President Roosevelt, Washington, May 22, 1941. Quotes excerpts from the diary of Ambassador Joseph G. Grew regarding Japan's position in the Far East and the possibility of an attack on Singapore.

See: Foreign Relations of the United States, 1941, Vol. IV, The Far East, pages 208.