

Diary

Book 717

41 April 1-5, 1944

	Book	Page
Adler, Solomon		
See China		
Alcohol		
Carbide and carbon alcohol plant: War Production Board delay discussed in Fred Smith memorandum - 4/5/44.....	717	155
Argentina		
See Latin America		
" War Refugee Board		
Australia		
See War Refugee Board		

Browning, Albert J. - General		
See Procurement Division: Surplus Property, Disposal of Business Conditions		
Haas memorandum on situation, week ending April 1, 1944 - 4/3/44.....		44

Camps, Refugee (United States)		
See War Refugee Board		
Cattle (Range)		
Wallace-Whitson discussion reported in Luxford memorandum - 4/4/44.....		129-B
a) Whitson-Luxford conference.....		129-D
Chiang Kai-shek, Madame		
See China		
China		
Madame Chiang-FDR correspondence following inspection tour of Hunan Front - 4/3/44.....		75,80
a) Reply discussed by HMJr and White - 4/8/44: See Book 719, page 20		
American Embassy, Chungking, sent instructions: United States Army expenditures to be kept to minimum consistent with strategic considerations because of inflationary threat - 4/4/44.....		139,229
Adler report on certain behind-the-scenes situations, i.e., Generalissimo-Madame Chiang relationship, etc. - 4/3/44.....		83
Couve de Murville		
See France		

Financing, Government		
For Smith draft on Fiscal Policy speech in connection with testimony on raising debt limit see Speeches by HMJr		
War Finance: For Odegard outline of history see Odegard, Peter H.		
Finland		
See War Refugee Board		

- F - (Continued)

	Book	Page
France		
Couve de Murville appointed French representative on Mediterranean Council - 4/5/44.....	717	191
a) Saxon letter from North Africa concerning - 4/13/44: See Book <u>720</u> , page 255		

- G -

Guatemala		
See War Refugee Board		

- H -

Haiti		
See War Refugee Board		

- I -

Inflation		
Vinson speech before Federal Bar Association, Washington, D.C. - 4/1/44.....		6

- L -

Latin America		
See also War Refugee Board		
Argentina: Wallace-Luxford conversation concerning \$1,300 million British investment in Argentina reported in Luxford memorandum - 4/4/44.....		129-B
(Guatemala)		
(Haiti)		
See War Refugee Board		

Lend-Lease		
Allocations, obligations, and expenditures as of February 29, 1944 - 4/3/44.....		58
Weekly report - 4/4/44.....		135
United Kingdom		
Gold and dollar holdings as of February 29, 1944 - 4/4/44.....		138
Aircraft flight delivery as at March 31, 1944 - British Air Commission report - 4/5/44.....		189

- O -

Odegard, Peter H.		
See also War Refugee Board		
King, Stanley, President of Amherst College, agrees to release Odegard from April 1 to August 31 - 4/3/44.....		43
War Finance - tentative draft of history: See Book <u>719</u> , page 54		
a) HMJr does <u>not</u> like - 4/13/44: Book <u>720</u> , page 260		

- P -

Paul, Randolph E.		
Suggested by FDR to make study on tax loopholes - 4/3/44.....		41

	Book	Page
Post-War Planning		
Currency Stabilization		
Conference date, following conference with State		
Department, discussed in White memorandum - 4/3/44..	717	63
a) Copy of memorandum left by Hull with FDR.....		66
b) HMJr tells Hull that FDR approves calling of		
conference - 4/4/44.....		185
c) Copy of cable to Winant.....		186
1) Winant reply - 4/9/44: See Book <u>719</u> ,		
page 115		
2) Draft of reply to Winant for Chancellor		
discussed by HMJr and White - 4/10/44:		
Book <u>719</u> , pages 203,208,292		
a) Preliminary draft of joint statement:		
Book <u>719</u> , page 295		
3) Cable to Treasury Representative Casaday -		
4/11/44: Book <u>720</u> , page 90		
4) Sir John Anderson-Winant conversation		
reported - 4/12/44: Book <u>720</u> , page 138		
5) Treasury cable to Winant - 4/13/44:		
Book <u>720</u> , page 232		
d) State Department wants invitation changed from		
Finance Ministers to representatives of the		
Government - 4/6/44: Book <u>718</u> , page 16		
1) Discussed by Treasury group - 4/17/44:		
Book <u>722</u> , page 36		
e) Cable to Moscow - 4/10/44: Book <u>719</u> , page 210		
U.S.S.R.: People's Commissar to be informed of plans		
for Conference - 4/10/44: Book <u>719</u> , page 308		
Date and place discussed by Treasury group - 4/13/44:		
Book <u>720</u> , page 223		
Joint Statement		
Draft: HMJr asks State Department for assistance		
in sending copies to Ambassadors in Mexico and		
Brazil - 4/13/44: Book <u>720</u> , page 234		
Release as planned for April 21, 1944: Book <u>722</u> ,		
page 50		
Chancellor of Exchequer's reply sent to HMJr through		
Winant - 4/15/44: Book <u>721</u> , page 284		
Procurement Division		
Surplus Property, Disposal of		
HMJr visits New York Procurement office; telegram		
asking reason for delay in following out HMJr's		
directives - 4/5/44.....		154
a) Discussed by 9:30 group - 4/6/44:		
See Book <u>718</u> , page 27		
b) Mack-HMJr conversation - 4/6/44: Book <u>718</u> ,		
page 73		
c) HMJr-Mack-Tickton conference: Book <u>718</u> , page 75		
1) Whether disposal of surplus should be		
under Procurement Division discussed		
d) Tickton charts of steps involved in disposal of		
motorcycles and shearlings: Book <u>719</u> , page 75		

Procurement Division (Continued)

Surplus Property, Disposal of (Continued)

Conference; present: HMJr, Bell, Gaston, Smith,

White, Sullivan, Haas, O'Connell, Charles S. Bell,
and Lynch - 4/7/44: See Book 718, page 171

- a) Whether surplus property disposal is to be under Procurement discussed

Byrnes-HMJr conversation on correct agency for the set-up (not the Treasury) - 4/10/44: Book 719, page 177

Conference; present: HMJr, Sullivan, O'Connell, McConnell, and Lynch - 4/10/44: Book 719, page 187

- a) Clayton-HMJr lunch discussed
 - 1) Selling part of Procurement to Reconstruction Finance Corporation is HMJr's suggestion

Byrnes-HMJr conversation - 4/10/44: Book 719, page 191

- a) Clayton status discussed

Byrnes conversation reported to above group - 4/10/44: Book 719, page 193

- a) Tickton charts on automobiles and used trucks: Book 719, page 199

Conference; present: HMJr, Sullivan, O'Connell, McConnell, and Lynch - 4/11/44: Book 720, page 1

- a) Craig (Executive Secretary of Merchandising Association) to be asked for suggestions for the top man

- b) Bureau of Budget "to keep hands off": Book 720, page 6

- c) "Merchants in uniform" - McConnell memorandum on: Book 720, page 12

Browning, Albert J., General - McConnell memorandum on - 4/13/44: Book 720, page 202

- d) Merchandising men discussed by Edward Brown and HMJr - 4/13/44: Book 720, page 203

- e) (Colonel) Doyle, Robert - McConnell memorandum - 4/17/44: Book 722, page 116

Rentschler (Gordon) asked for suggestions for head man - 4/11/44: Book 720, page 34

Conference; present: HMJr, O'Connell, Gaston, Smith, and White - 4/13/44: Book 720, page 142

- a) Sullivan to be relieved of Procurement
 - 1) HMJr conference with Sullivan reported to Treasury group - 4/13/44: Book 720, page 194
 - b) Lynch agenda for later meeting: Book 720, page 157
 - c) Sullivan agenda: Book 720, page 159

Clayton-HMJr conversation - 4/13/44: Book 720, page 165

- a) Byrnes attitude reported by HMJr

Conference; present: HMJr, O'Connell, Lynch, McConnell, Tickton, Sullivan, Mack, and Frey - 4/13/44:

Book 720, pages 173, 189

- a) Government, whether Federal or State, should not take precedence over war workers - HMJr's attitude
 - 1) Sullivan letter to Clayton and Budget stating Treasury point of view: Book 720, page 191
 - 2) Loeb (John) memorandum giving reasons for selling to tax-supported institutions: Book 722, page 79

Procurement Division (Continued)

Surplus Property, Disposal of (Continued)

Conference - 4/13/44 (Continued)

- b) One central sales organization rather than the present 11 conflicting ones advocated by Tickton: See Book 720, page 182
 - c) Classification system as suggested by Tickton approved by Mack: Book 720, page 185
- Conference; present: HMJr, Sullivan, O'Connell, McConnell, Tickton, Mack, and Frey - 4/14/44: Book 721, page 5

Refugee Camps, United States

See War Refugee Board

Revenue Revision

Income and Excess Profits Taxes by Federal Reserve

Districts, March 1943 and March 1944 - 4/1/44.....	717	1
1944 Revenue Bill (Simplification): House Ways and Means Committee decides to exclude from taxation dependents' income if less than \$500 - 4/1/44.....		2
Tax-exempt Organizations: Form for reporting income discussed in Sullivan memorandum - 4/1/44.....		3
a) Discussed by HMJr, Sullivan, O'Connell, Haas, and Blough - 4/8/44: See Book <u>719</u> , page 43		
Paul (Randolph) suggested by FDR to make study on loopholes - 4/3/44.....		41
Incentive Effects of Taxation		
Blough memorandum on third Interdepartmental meeting - 4/4/44.....		130
Blough memorandum on fourth Interdepartmental meeting - 4/13/44: Book <u>720</u> , page 274		

Saxon, James J.

See War Refugee Board

Spain

See War Refugee Board

Speeches by HMJr

Fiscal Policy speech in connection with testimony on raising debt limit - Smith draft - 4/5/44.....	156
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Surplus Property, Disposal of

See Procurement Division

Switzerland

See War Refugee Board

Taxation

See Revenue Revision

United Kingdom
See Lend-Lease
* Post-War Planning: Currency Stabilization

Vatican
See War Refugee Board
Vinson, Fred
For speech see Inflation

War Refugee Board

Spain: Editorial comment on FDR's declaration - 4/1/44.....	717	16,217
Switzerland: Visas - issuance of 4000 to refugee children discussed in Pehle memorandum - 4/1/44.....		20
Developments during week of March 27-April 1.....		28
United States Refugee Camps Stimson criticism of proposal - 4/3/44.....		90
a) Discussed by HMJr, Pehle, and DuBois - 4/8/44: Book 719, page 3		
1) Congressional reaction also discussed		
2) DuBois to Spain discussed		
Rabbi Stephen S. Wise letter concerning - 4/3/44.....		96
Saxon, James J., to investigate refugee situation in Italy - 4/3/44.....		97
(See also Book 720, page 110 - 4/11/44)		
Argentina: Reaction of Jewish associations to FDR's statement - 4/3/44.....		99
Australia: American Legation, Canberra, sent resume of situation - 4/3/44.....		103
Finland: American Minister, Helsinki, reports on situation - 4/3/44.....		107,110
Haiti: American Embassy, Port au Prince, reports on situation - 4/3/44.....		112
Vatican: Thanked for assistance - 4/3/44.....		116
Odegard's suggestions - 4/5/44.....		192
Latin American passport holders - memorandum on - 4/5/44.....		202
a) Proposed memorandum to American Embassy, Rio - 4/8/44: Book 719, page 80		
b) Proposed circular airgram: Book 719, page 83		
c) Cable from Peru: Book 719, page 268		
d) Cable to Costa Rica, Ecuador, etc. - 4/11/44: Book 720, page 79		
e) Cable to Peru, Mexico, etc. - 4/15/44: Book 721, page 260		
Guatemala: Memorandum on rescue and relief of victims of enemy persecution - 4/5/44.....		207
Whitson, J. (Department of Agriculture) See Cattle (Range)		

April 1, 1944

INCOME AND EXCESS PROFITS TAXESFOR MARCH 1944AS COMPARED WITH MARCH 1943BYFEDERAL RESERVE DISTRICTS

	<u>March 1944</u>		<u>March 1943</u>
BOSTON	\$ 312,797,942.62	\$	347,839,896.92
NEW YORK	1,290,665,580.12		1,181,639,059.13
PHILADELPHIA	363,289,233.84		373,729,792.94
CLEVELAND	581,356,206.30		544,729,375.92
RICHMOND	337,366,762.64		269,942,052.30
ATLANTA	218,553,025.30		193,910,994.63
CHICAGO	1,033,587,234.48		862,981,907.54
ST. LOUIS	161,843,453.81		133,770,821.61
MINNEAPOLIS	103,688,233.85		102,604,449.63
KANSAS CITY	185,100,001.82		167,482,001.14
DALLAS	124,111,813.89		116,352,065.80
SAN FRANCISCO	<u>369,254,177.24</u>		<u>382,513,980.74</u>
TOTAL, FEDERAL RESERVE BANKS .	\$ 5,081,613,665.91	\$	4,677,496,398.30
TERRITORY OF HAWAII	* 1,575,155.54		** 4,094,029.12
GRAND TOTAL	\$ <u>5,083,188,821.45</u>	\$	<u>4,681,590,427.42</u>

* Reports March 16, 17, 18, etc. not yet received.

** Reports March 15, 16, 17, etc. not yet received.

44

April 1, 1944

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

Subject: Taxes. (For your information; no action required)

After further discussion yesterday (Friday) afternoon the Ways and Means Committee decided to exclude from taxation the income of dependents where such income is less than \$500. This decision was contrary to the Treasury recommendation but at least makes the law workable and clarifies the present unsatisfactory state of the law and practice.

The Chairman seemed displeased that the Treasury would not "compromise" on unworkable proposals but I think he is not badly upset.

The Committee adjourned, subject to the call of the Chairman. It is not expected that the Committee will meet again before April 12. The drafting service expects to have the bill ready by that time.

RIB

see meeting of
4/8/44
at 12 noon.

April 1, 1944

MEMORANDUM FOR THE SECRETARY

From: Mr. Sullivan

JLS

Attached is the new return form which is recommended for securing information from tax-exempt organizations as required by the Revenue Act of 1943. This form is jointly recommended for your approval by Commissioner Nunan, Mr. Surrey, Mr. Blough, and myself.

The following points are brought to your attention with respect to the form:

1. The form does not call for balance sheet information on assets and liabilities although such information has been called for on the old Form 990 from certain tax-exempt organizations over the past two years. The reason for dropping the request for figures on assets and liabilities from the new form is that the information has not proved helpful in determining whether the organization should be subject to tax. The information would be difficult for many organizations to supply and is not required by the statute.

2. A group return is allowed to be filed by a parent organization for those branches and affiliates which have authorized it in writing to do so. This provision is made because of the almost impossible task involved in securing returns from many thousands of local chapters of organizations, for example, the Boy Scouts and the labor unions. There are about 85,000 local labor union chapters alone. There is no penalty in the law for failure to file and no practicable means of enforcing filing from these local organizations. It is believed that the parent organizations will be in a better position than the Bureau to secure the required information from their chapters. The information from local organizations would in any event be relatively meaningless until combined into a group statement.

- 2 -

3. When any organization receives during the year more than \$3,000 or more than 10 percent of its total gross receipts from any one person, a list of such persons and amounts is required to be furnished. The purpose of this requirement is to distinguish the organizations which are supported by the general public and those which are supported by a few people, since the latter are more likely to be used for purposes to which the tax exemption does not or should not apply. The old Form 990 called for an itemization of receipts and disbursements of \$4,000 or more, each, in any one year. The provision requiring itemization of disbursements did not elicit useful information and is abandoned in the proposed form. The \$4,000 figure on receipts was reduced to \$3,000 to tie it in with the gift tax exemption to individuals making such contributions, which was similarly reduced in 1942.

4. It was originally planned to require the filing of these forms not later than May 15. However, this does not appear to be practicable, especially if the group returns are allowed.

The form has not yet been shown to Mr. Stam or the Committees. Since Mr. Stam has asked to see the form it is proposed that it be shown to him after approval by you. It is believed that Mr. Stam's reaction will be helpful in indicating the probable reaction of the Committees.

Attachment

UNITED STATES

ANNUAL RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX UNDER SECTION 101 OF THE
INTERNAL REVENUE CODE, OR UNDER CORRESPONDING PROVISIONS OF PRIOR REVENUE ACTS¹

(Required under Section 54(1) of the Internal Revenue Code, as added by Section 117 of the Revenue Act of 1943)

For Calendar Year

or Fiscal Year Begun, and Ended

<p>This return must be filed on or before the 15th day of the 5th month following the close of the annual accounting period. Return must be filed with the Collector of Internal Revenue for the district in which is located the principal place of business or principal office of the organization.</p>	PRINT PLAINLY NAME AND ADDRESS OF THE ORGANIZATION			File Code
	(Name)			
	(Street and number)			Serial No.
	(Post office)	(County)	(State)	
Exemption under subsection of section Bureau ruling dated If Bureau ruling has not been obtained, application therefor must accompany this return. Consult collector for your district for information. Nature of activities of the organization			District	

Have you engaged in any activities which have not previously been reported to the Bureau? If so, attach detailed statement. (Yes or no)

Have any changes not previously reported to the Bureau been made in your articles of incorporation or bylaws or other instruments of similar import? If so, attach a copy of the amendments. (Yes or no)

State the names and addresses of the officers or other persons having care of the books of account, minutes, correspondence, and other documents and records of the organization.

(Name and title)	(Address)
.....
(Name and title)	(Address)
.....

Check whether this return was prepared on the cash or accrual basis . This form shall be prepared in accordance with the method of accounting regularly employed in keeping the books of your organization.
Fill in the statements on the reverse side of this form.

We, the undersigned, president (or vice president, or other principal officer) and treasurer (or assistant treasurer, or chief accounting officer) of the organization for which this return is made, each for himself declares under the penalties of perjury that this return has been examined by him and is to the best of his knowledge and belief a true, correct, and complete return.

CORPORATE SEAL	(President or other principal officer)	(State title)	(Date)	(Treasurer, Assistant Treasurer, or Chief Accounting Officer)	(State title)	(Date)

The following additional declaration shall be executed by the person other than an officer or employee of the organization actually preparing this return:

I declare under the penalties of perjury that I prepared this return for the organization named herein and that this return is to the best of my knowledge and belief a true, correct, and complete return.

(Name of firm or employer, if any)	(Signature of person preparing this return)	(Date)
.....

¹ The filing of a return is not required of any organization exempt from taxation under the provisions of section 101 which is a (1) religious organization exempt under section 101 (4); (2) educational organization exempt under section 101 (6), if it normally maintains a regular faculty and curriculum and normally has a regularly organized body of pupils or students in attendance at the place where its educational activities are regularly carried on; (3) charitable organization, or an organization for the prevention of cruelty to children or animals, exempt under section 101 (6), if supported, in whole or in part, by funds contributed by the United States or any State or political subdivision thereof, or primarily supported by contributions of the general public; (4) organization exempt under section 101 (6), if operated, supervised, or controlled by or in connection with a religious organization exempt under section 101 (4); (5) fraternal beneficiary society, order, or association solely exempt under section 101 (2); or (6) corporation exempt under section 101 (13), if wholly owned by the United States or any agency or instrumentality thereof, or a wholly owned subsidiary of such corporation.

GROSS INCOME AND RECEIPTS

Form No.

- *1. Membership dues, fees, fines, assessments, and similar receipts from members \$
- *2. Dues, assessments, per capita taxes, etc., received from affiliated organizations \$
- *3. Grants, gifts, contributions, etc., received \$
- 4. Dividends and interest \$
- 5. Rents \$
- 6. Gross receipts from business activities (state nature):
 - (a) \$
 - (b) \$
 - (c) \$
 - (d) \$
- *7. Other gross income and receipts \$
- 8. Total gross income and receipts (total of items 1 to 7, inclusive) \$

DISBURSEMENTS, ETC.

- 9. Benefits paid to members or their dependents \$
- 10. Dues, assessments, per capita taxes, etc., paid to affiliated organizations \$
- 11. Cost of goods sold \$
- 12. Wages and salaries (other than compensation paid to officers, directors, trustees, etc.) \$
- 13. Compensation paid to officers, directors, trustees, etc. \$
- 14. Interest \$
- 15. Taxes \$
- 16. Other operating and administrative expenses \$
- 17. Grants, gifts, contributions, etc., paid (state nature):
 - (a) \$
 - (b) \$
 - (c) \$
 - (d) \$
- 18. Dividends and other distributions to members, shareholders, patrons, or depositors \$
- 19. Other disbursements or charges (state nature):
 - (a) \$
 - (b) \$
 - (c) \$
 - (d) \$
- 20. Total disbursements, etc. (total of items 9 to 19, inclusive) \$

Farmers' cooperative marketing and purchasing organizations shall also state—

VOLUME OF BUSINESS DONE WITH:

	Marketing	Purchasing
(a) Members	\$	\$
(b) Nonmember producers	\$	\$
(c) Nonmember nonproducers	\$	\$
(d) United States Government	X X X X X X	X X X X X X

* The totals entered as Item 1, 2, 5, and 7 must be supported by itemized schedules showing the amount and the name and address of each person, as defined below, from whom money or other property was received directly or indirectly, in one or more transactions, in all cases where the money or property so received amounted to \$5,000 or more during the year or 10 percent or more of Item 8. (The term "person" includes, but is not limited to, individuals, corporations, partnerships, organizations, associations, and fiduciaries.)

A group return on this form, in lieu of separate returns, may be filed by a central, parent, or like organization for itself and such of its chartered, affiliated or associated local organizations which have authorized it in writing to include them in the return. There shall accompany such group return a schedule showing separately (a) the total number, names, and addresses of the local organizations included and (b) the same information for those not included therein. For further information see T. D. dated

ADVANCE RELEASE

6

ADVANCE RELEASE

ADVANCE RELEASE

EB-2337

OFFICE OF ECONOMIC STABILIZATION

ADVANCE RELEASE:
For Use After 12:30 p.m., EWT,
Saturday, April 1, 1944

Cleared and Issued
Through Facilities of the
Office of War Information

Text of address by Judge Fred M. Vinson, Director of the Office of Economic Stabilization, before a meeting of the Federal Bar Association, in the Mayflower Hotel, Washington, D.C., at 12:30 p.m., EWT, Saturday, April 1, 1944.

There may be yet a few people who would like to see a little inflation, but their number has become smaller and smaller. The American people as a whole want to see wages and prices stabilized, so that the cost of living and the cost of the war may be held down, and our people may be spared the calamity of a postwar collapse. Most Americans realize that inflation brings in its immediate wake hardship and suffering for those who are not, through affiliation with powerful pressure groups, well equipped to participate in a frantic race between prices and wages. Likewise, they have increasingly recognized that inflation now means deflation in the future; and that, for the average citizen, deflation means bankruptcy, foreclosure and financial ruin.

Both the President and the Congress have recognized the supreme importance of economic stability on the home front. In the summer of 1941, only a few months after the commencement of our pre-Pearl Harbor mobilization program, the President requested Congress to enact price control legislation. It was not until January, 1942, that Congress enacted the Emergency Price Control Act. Meanwhile, Pearl Harbor had revolutionized both our economy and our psychology. On the military, economic and the psychological fronts we suddenly shifted from a state of national defense to a basis of total mobilization for total war. The Congress appropriated vast sums of money to raise and equip millions of American soldiers, sailors and marines; and to keep the supply lines open to our allies who were already fighting on far-flung battle lines.

(over)

I-27670

It soon became apparent that the methods and techniques of peacetime could not stabilize an economy in which almost 50 per cent of our total production was devoted to war.

The President again recognized the need of the hour, and, in April, 1942, only a few months after Pearl Harbor, he urged upon the Congress a 7-point program designed to protect the domestic economy from the destructive inroads of inflation.

The stabilization of wages and prices was the keystone in this arch of economic stability, but adequate authority for stabilization was not embodied in the then existing law.

Nevertheless, the National War Labor Board placed in effect the "Little Steel" formula, thereby commencing the stabilization of wage rates. Finally, the Congress, on October 2, 1942, passed the Stabilization Act, the most comprehensive grant of power over the domestic economy ever enacted by an American legislative body.

The Congress not only authorized but directed the President to stabilize wages and prices at the levels prevailing on September 15, 1942. This Act is the foundation of our stabilization program and the source of our stabilization policy.

Along with the Emergency Price Control Act, the Stabilization Law expires on June 30, 1944. The charter of our authority is running out, and the President has requested the Congress to renew it.

Naturally, therefore, the occasion is ripe for a report to the nation. We are now in the process of accounting for our stewardship, so that the Congress and the people may know whether we have prudently exercised the authority they have given us.

If we have done well, then the basic legislation under which we now operate should be continued without substantial modification or restriction. If we have done badly, then a new departure may be indicated, and the Congress might be justified in searching for new legislative methods of obtaining the stabilization objective -- an objective upon which all Americans are substantially agreed.

A careful and dispassionate survey of the record will, I am convinced, demonstrate that we have faithfully carried out the Congressional mandate -- that we have held the line.

But this is not all. The record will show that we have held the line without undue injury or oppression to any economic group or class. We have done our job without departure from those basic constitutional procedures which, even in time of war, must remain the hallmark of democracy.

We have held the cost of living.

Since August, 1939, the cost of living has risen 25.9 per cent. During a similar period in World War I, the cost of living rose 64.6 per cent.

Sometimes, however, over-all figures are too abstract. What the American people want to know is whether we are holding the prices of food, clothing and the other necessities of life.

Since August, 1939, the price of food has risen 40 per cent. In a similar period of World War I, food went up 80 per cent. Food is 40 per cent of the total cost of living.

The price of clothing has risen 34 per cent since August, 1939, as against 107 per cent in a similar period of World War I. Clothing amounts to 12 per cent of the total cost of living.

House furnishings -- that is, sheets, pillow cases, towels, chairs, lamps, and all the other sundries which go to furnish the home -- are up 27 per cent since August, 1939, as compared to 95 per cent in a similar period of World War I.

Rents, which amount to 18 per cent of the total cost of living, have been controlled with remarkable success. Rents have gone up only 3½ per cent since August, 1939; and, since rent ceilings were first imposed in July, 1942, they have not increased at all.

This record has been achieved despite the fact that inflationary pressures are far greater in this war than they were in the last. The basic cause of inflation is government expenditures for war. The total cost of World War I was 32 billion dollars. The total cost of this war through 1943 alone was 136 billion dollars, and we are still spending at the rate of 7 billion 500 million dollars per month. In World War I we never devoted more than 25 per cent of our total production to war purposes, as against 46 per cent in World War II. In other words, we are devoting almost twice as great a proportion of our resources to war this time as we did in World War I.

Despite the fact that our mobilization has been twice as great during this war as in the last, the cost of living has risen less than half as much.

As the months have gone on, our success in holding the line has increased. Approximately 6 months after the passage of the Stabilization Act, the President and his advisers concluded that the Executive Department could not, without additional and vigorous effort, effectuate the Congressional mandate to stabilize wages and prices. Consequently, the President on April 8, 1943, issued his famous "Hold-the-Line" Order -- an economic emancipation proclamation designed to free the American people from the threat of catastrophic inflation. Since the President laid down his injunction to hold the line, living costs have actually declined 0.3 per cent, and wholesale prices have declined a little more than 1 per cent.

The stabilization program has not merely protected the income of American consumers. To an even greater degree, it has protected the United States Treasury and our returning service men, who are the taxpayers of the future, from the burdens of an inflated war debt. If the prices of war material -- steel and pig iron, copper and zinc, coal and lumber, tin and cement, glass and petroleum, lead and wool, cotton and coke -- had increased in World War II to the same degree as during World War I, our war cost would already have been inflated by an additional 65 billion dollars, or almost 50 per cent of the total cost of the war to date.

(over)

This remarkable record of stability has been accomplished, I repeat, without undue injury to any group. It is the objective of our stabilization program to preserve a fair balance of income and prosperity among all classes. We must not try and we have not tried to convert the stabilization program into an instrument for the special benefit of any particular group or the special injury of any of them.

Under price control and economic stabilization, business has prospered. Corporate profits are at an all-time peak. In 1943, total corporate profits, after the payment of all taxes, amount to $8\frac{1}{2}$ billion dollars -- more than double the same figure for 1939, and almost a half billion dollars in excess of the previous peak for 1929. Not only are corporate profits at an all-time high, but business failures are at an all-time low. In 1943, business failures were less than half as great as in 1942 and less than one-third as great as in 1941.

Under price control and stabilization, small business has likewise prospered. From 1939 to 1943, the percentage of total business done by small independent stores has actually increased. Under price control, independent stores are more than holding their own as against the larger chain and mail order houses. Between June, 1942, and June, 1943, the checking accounts of unincorporated retail stores have increased by approximately 95 per cent, and the checking accounts of all unincorporated business enterprises increased 63 per cent during the same period.

Under price control and stabilization, labor has prospered. The average weekly earnings of factory workers have increased from \$23.86 in 1939 to \$43.15 in 1943. Part of these increased earnings have come from higher wages, but the greater part labor has obtained by working longer hours, earning more overtime and shifting to better jobs.

Under price control and stabilization, the farmer has prospered. For 1943, the net income of all farm operators -- after deducting operating expenses, taxes and interest -- was 12 billion 775 million dollars, as against 10 billion 180 million dollars in 1942 and 6 billion 623 million dollars in 1941 -- the previous peak was 8 billion 799 million dollars in 1919. During the period of price control and stabilization, the farmer has made more money than at any time in our history. His income is not only higher -- it is higher in relation to the incomes of non-agricultural groups than at any time in our history.

Under price control and stabilization, landlords have prospered. Surveys of typical apartment houses show that the net operating income of owners has increased 26.8 per cent from 1939 to 1943. A similar survey of typical small homes show the net operating income of landlords up 44.4 per cent in the same period.

The record, I repeat, demonstrates that we have successfully complied with the command of the Congress -- that we have stabilized the national economy. If Congress renews our authority, it is my firm conviction that we can keep the economy on an even keel.

X-27670

By this, I do not mean to deny that we have many difficult problems ahead. The inflationary pressures are increasing and not decreasing. Purchasing power in the hands of civilians continues to grow, while the supply of civilian goods and services must continue to be severely limited until the victory of our armed forces is an accomplished fact. As these pressures increase the task of holding inflationary forces in check sometimes seems almost superhuman. In resisting these pressures, the good sense and good judgment of the people have come to our aid in those matters where legislation is lacking. The people are investing their money in war bonds, and are trying to preserve their bank accounts and their savings for the future rather than to fritter them away on an inflationary spree. If the Congress renews the legislation under which we have so far successfully proceeded, I believe that this psychology of saving will retain the adherence of the people. On the other hand, if Congress were to fill this broad law with restrictions, qualifications and uncertainties, the psychology of the people might change and set our labors at naught.

The Congress and the people, however, seem overwhelmingly convinced that these all-important measures of economic control must be continued. They recognize that controls must be continued not only for the duration of the war but for so long after the war as it may take to get civilian industries in full production, so that the supply of consumer goods and services may once more equal the demand. The danger is not that our program will be junked or our controls thrown overboard. It is far subtler. Those with real or fancied grievances may persuade the Congress to insert an amendment here or an amendment there -- to impose this seemingly innocent restriction or that "clarifying clause" -- all of which, added together, may spell a serious impairment of the stabilization effort.

In time of war, there is neither legislative technique nor administrative devices by which equal, meticulous and precise justice can be meted out to each individual or each group. Certainly no legislative policy and no method of administration is so perfect as to select with fairness those who must be doomed to remaining forever beneath foreign soil and those who shall be fortunate enough to return to their homes and families. Not even the solemn task of selecting those who shall, in the armed forces, undergo hardship and risk of suffering and death can be done without criticism and injustice. In economic matters, where even the most resolute patriot must contend with the power of self-interest, some hardship and injustice are inevitable. We must always consider the ever present conflict between the desire to protect the rights and welfare of the individual and the overriding necessity of protecting the entire community against the destructive influences of wartime inflation.

No major group has suffered. Indeed, in many respects our civilian population is enjoying a higher standard of living than it ever knew in peacetime and every major economic class is enjoying a peak income. At the same time, there have doubtless been injustices to particular individuals and particular groups within these large categories. It is the constant objective of our program through improved administration and experience, to eliminate injustice wherever that can be done without endangering the general objectives of the program.

But, if the Congress, by restrictive amendments to our stabilization law, should seek by a statutory straitjacket to correct every injustice, we could no longer hold the line.

It is my deep conviction -- a conviction which I believe is shared by an overwhelming majority of my fellow countrymen -- that our stabilization program has succeeded, that it is succeeding today and that the future welfare of our country demands its continuance without substantial restriction or curtailment.

End of ADVANCE RELEASE: For Use After 12:30 p.m., EST, SATURDAY, April 1, 1944.

X-27670

Appropriation
Emergency Fund for the President,
National Defense, 1942-1944,
Allotment to the War Refugee
Board

April 1, 1944

T E L E G R A M

National Jewish Council of the Emergency Committee
to Help Save the Jewish People of Europe

Astor Hotel

New York, New York

On March 24 the President reaffirmed this Government's deep concern for the lives of the Jewish people trapped in Hungary by Hitler's invading army. In line with the President's statement the War Refugee Board is using all the resources at its command and every instrumentality it can reach to prevent the killing of Jews and to effect the rescue of as many of those stricken people as is humanly possible.

J. W. Pehle
Executive Director
War Refugee Board

EJE-284

This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (8000)

Algiers

Dated April 1, 1944

Rec'd 6 a.m., 2nd.

Secretary of State,
Washington,
1062, April 1, 2 p.m.

FOR WAR REFUGEE BOARD FROM ACKERMANN.

War refugee representative No. 9.

Section one. Fedhala French and AFHQ rejected 48 persons on security grounds. French also objected to 116 persons because of claim they were not refugees having reached Spain prior to 1933. They agreed to relax on second group to extent of persons in concentration camps or prison so that second type of rejections reduced to 79. We are still pressing them on 29 cases which we believe fall into categories agreed upon for admission. Have had no word yet on second batch of applications which arrived from Madrid two days ago. This group is largely made up of Sephardic Jews. No indication yet whether French will raise objection to this group most of whom though born in Greece claim Spanish nationality. Expect to hear French reaction within two or three days.

Section two. Late reports indicate that Germans may have reoccupied Island of Rab so that evacuation from there may be impossible. If refugees have reached Vis evacuation is possible. Saxon now in Bari should be able to give further details on Rab and on broader Balkan evacuation question shortly. Despite probable reoccupation of Rab message of combined chiefs of staff is being forwarded Tito for his opinion.

CHAPIN

RR

cc: Miss Chauncey (For the Sec'y), Messrs. Abrahamson, Atsin, Bernstein, Mrs. Cohn, Mr. DuBois, Mr. Friedman, Mr. Gaston, Miss Hodel, Miss Laughlin, Mr. Lesser, Mr. Luxford, Mr. Mann, Mrs. Mannon, Messrs. Marks, McCormack, Murphy, Paul, Pehle, Pollak, Rains, Sargoy, Smith, Standish, Stewart, Weinstein, H.D. White, Files

GAR-140

This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (BR)

Mexico

Dated April 1, 1944

Rec'd 5:42 p.m.

Secretary of State

Washington

506, April 1, 1 p.m.

Polish Minister has just informed me he learns from London that 489 refugees will shortly be brought to Mexico from India. Please advise Embassy of any information in this regard.

I repeat previous recommendations that no more refugees be brought to Mexico and if necessary (repeat if necessary) minimum five to six months advance notice required to arrange accommodations.

MESSERSMITH

CAW

TELEGRAM SENT

AMJ

Foreign Economic Administration

April 1, 1944

PLAIN

AMERICAN CONSUL,

CASABLANCA (MOROCCO).

46

FROM CROWLEY AND HANNIGAN, FEA, FOR BICKELMAN.

Procurement has been arranged for findings required to convert your textiles to clothes. Priorities prevent shipment by plane. Suggest emergency needs purchased with camp funds in Spain and brought over with the refugees. These findings are available also in Tangiers and Lisbon. Your requisition will be sent first boat.

Do you still need sewing machines or will those you have acquired be sufficient? If not sufficient, cable minimum requirements.

HULL
()

DCR:BLH:ATM

REmerson
Liaison:
HA-844-RDunlap:rd
3/30/44-Reply awaited
cc:Hannigan
Baldwin

CABLE TO TANGIER

From War Refugee Board to Childs

Please deliver the following message to Aaron S. Cohn,
Calle Tetuan, 17, Tangier, from Jacob S. Cohen:

"Pursuant to Treasury license I have received \$3,000
from Vasd Hahatzala which I hold for your account Stop
Please pay equivalent of \$3,000 to Renee Reichman, 25 Rue
Moliere, Tangier, who will contact you"

45

.....

April 1, 1944

4:20 p.m.

FH:lab 3/23/44

AIRMAIL

No. 346

**THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA**

AMERICAN LEGATION

Lisbon, April 1, 1944

**Subject: Transmitting Tear Sheet of Editorial
and Transcript of Radio Address on
Subject of President Roosevelt's
Statement on Refugees**

**The Honorable
The Secretary of State
Washington, D. C.**

Sir:

I have the honor to refer to the Department's telegram no. 850, March 24, 1944, and to the Legation's despatch no. 343, March 31, 1944, regarding publicity and press comment in Portugal on the subject of publicity and press reaction to the President's statements on relief for the refugees of Nazi persecution, and to transmit herewith the tear sheet of an editorial, dated March 31, 1944, from the Lisbon paper, "Jornal do Comercio", together with a transcript of the address on the subject, transmitted over the Lisbon radio station "Raioes Atlantico". English summaries of these comments were transmitted by cable in the Legation's no. 973, April 1, 1944.

- 2 -

The Legation will transmit to the Department any further publicity obtained here.

Respectfully yours,

For the Minister;

(Signed) Edward S. Crocker

Counselor of Legation

Enclosures:

Tear sheet of Lisbon newspaper
Transcript of Radio Address

891/300
MCR/mvd

PLAIN
Lisbon April 1, 1944
Dated
Reo'd 7:19 p.m.

Secretary of State,
Washington.

973, First, noon.
Department's 850, March 24.

JOURNAL DE COMERCIO FOR MARCH 31 editorializes as follows on Roosevelt's refugee statement:

"No one may deny high political and moral significance of statement made by Roosevelt regarding United States attitude towards people whose circumstances have forced to abandon central European countries and parts of Asia. No civilized nation will ignore appeal of the American President to all free peoples of Europe and Asia to open frontiers to refugees fleeing horrors of war, seeking shelter in any corner of world until storm is over. Portugal is country of limited resources which conflict has placed in delicate international position. However, neither these considerations nor any others stood in the way of our country fulfilling its duty, giving generously to all who reached our frontiers. Because of what we witnessed and did, we are in better position than anyone to understand Roosevelt's appeal. American President believes that persons who have even before war had to abandon countries will again be faced with new cruel difficulties owing to invasion of Hungary and possible intervention in Rumania. In view of new wave of suffering, Roosevelt again spoke with energy of sanctions that will again be applied at end of war to all those who have been guilty of carrying our deeds of violence".

Radio station VOX DA LISBON broadcast following commentary of March thirtieth: "Roosevelt, the great President of the United States, obtains indisputably the admiration of the entire world, affirming himself one of the most gigantic figures of recent years. One of greatest statesmen, with extraordinary vision he foresees correct action for his country in time of stress. Intelligently without violence, he threw the weight of America into the struggle thus contributing the prestige of a great nation and its incomparable resources. President Roosevelt, in this difficult time we are now passing through, has not failed to open his generous and noble heart worthy of a great chief of a great nation. And so out of his heart, he has launched an appeal in favor of the refugees and innocent victims

of this war forced to abandon their countries and destroyed homes. As nomads they wandered without compass in hills and valleys, fleeing persecution and death. Thousands of unhappy refugees have reached the shelter of the United States. Many thousands continue their endless wandering, suffering great privation. Of them Roosevelt in his Christian appeal seeks the protection of the free countries of Europe and Asia. Roosevelt after his own country had been the first to set the example, appeals to the sentiments of human solidarity of other free peoples. Portugal cannot fail to affirm that its heart is with that of the great American leader because those sentiments of solidarity are traditional in the Portuguese people. The appeal of President Roosevelt cannot fail to impress all the peoples of the world because it serves to demonstrate that in a world upheaval of death and tragedy, there is still something to extinguish in the hearts of all".

March twenty-seventh DIARIO NOTICIAS carried page one editorial entitled "Yes, Mr. President, gist of which was carried by United Press on that date. Brief excerpt follows: "Words of Roosevelt that Christian appeal in midst of agony of our days will surely find echo and sympathy in all consciences that look compassionately at this tragedy of civilization".

Clippings and text of broadcast being airpounded.

NORWEB.

TMS

Stockholm

Dated April 1, 1944
Rec'd 4:46 a.m. 2ndSecretary of State
Washington.

1110, First. - TO SECRETARY MORGENTHAU FROM OLSEN

Should like very much to make every effort to carry out directive of the War Refugee Board and otherwise to fulfill to best of my ability your instructions of January 29 forwarded to me through Minister Johnson. My other duties are developing rapidly and additional designation will unquestionably entail considerable additional work and time, but believe work can be handled. If it is found that new duties scatter my efforts to the extent that no single (responsibility?) responsible is being discharged satisfactorily Minister will make appropriate recommendations to Secretary of State and War Refugee Board. It is believed that my Treasury experience in relief and refugee matters together with the Counsel Minister Johnson has always been ready to give me as to approaching local problems most effectively will enable me to press this program energetically although we are both aware of its many complexities. This is in reply to your cable of March 30.

JOHNSON

EH

ef:copy
4-1-44

CABLE TO MINISTER JOHNSON IN STOCKHOLM FROM PEHLE

This is WEB Cable to Stockholm No. . Turkish Government has now agreed to make available to War Refugee Board for one voyage 4,000 ton Turkish Government ship S.S.TARI to evacuate from Constanza to Istanbul refugees who otherwise face almost certain death in view of recent Balkan developments. Most urgent evacuation ship be sent to Constanza immediately. Simond Intercross representative in Ankara is requesting Intercross Geneva to obtain safe conduct from German Government for the S.S.TARI and efforts are being made to obtain safe conduct from other belligerents. Please ask the Swedish Government immediately to support the request of the International Red Cross for safe conduct from the German Government.

* * * * *

April 1, 1944

2 p.m.

(Delivered by Mr. Mann)

MJMarks:JEMann:db 4/1/44

20 ✓
44

EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD

INTER-OFFICE COMMUNICATION

DATE APR 1 1944

TO Secretary Morgenthau
FROM J. W. Pehle

You will be interested in a cable that was dispatched to the Mission in Switzerland authorizing the issuance of four thousand visas for immigration to the United States to refugee children arriving in Switzerland from France during the first six months of 1944.

The purpose of this authorization is to give Switzerland some concrete guarantee that the refugees she receives will not be left on her hands after the war, and thus to encourage her to receive additional refugees. In view of the present absence of any means of transportation between Switzerland and the United States, it is of the utmost significance that the Department of State has agreed (and has so advised the Mission) that these visas are to be renewed and replaced, subject to the quota laws, as they expire until at least six months after the termination of hostilities.

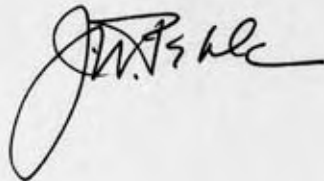
It is equally significant that the Department of State has agreed, and has issued the necessary instructions, that the issuance of these visas (and their renewal and replacement) is not to be subject to the "advisory opinion" procedure which more often than not results in interminable delay, or the much-criticized security test which frequently results in the denial of visas solely because the would-be immigrant has close relatives in enemy-controlled areas.

Guarantees for the maintenance of the children have been approved by the Attorney General as adequate to authorize the issuance of the visas. The only problem in this connection will be children who reach their sixteenth birthday

- 2 -

before transportation facilities are available. Guarantees for the support of such children will have to be arranged individually before renewal or replacement visas can be issued.

Arrangements to provide visas for a thousand refugee children when received in Spain are now going forward.

A handwritten signature in black ink, appearing to read "J. W. S. H.", is centered on the page. The signature is stylized with a large loop at the beginning and a long horizontal stroke at the end.

April 1, 1944

2:40 p.m.

CABLE TO MINISTER HARRISON AT BERN

Union of Orthodox Rabbis have advised the War Refugee Board that a number Palestine certificates sent from Switzerland to persons interned or detained by the Germans have not been received by such persons. Please communicate with Dr. Saul Weingort, Avenue des Alpes, Montreux, for details. If Weingort confirms please approach appropriate Swiss officials with the request that they ascertain from the Germans whether the certificates have been withheld from delivery by the Germans or whether they have been lost. If delivery has been withheld, the Swiss should be asked to take all appropriate action to induce the Germans promptly to deliver the certificates to the persons for whom they are intended. If the certificates have been lost, Dr. Weingort should be advised so that he may take appropriate action to have them replaced. The urgency of this matter should be impressed on the Swiss authorities you approach. Please report fully.

LSLesser:als 3/30/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: SECRETARY OF STATE, WASHINGTON
TO: AMLEGATION, BERN
DATED: APRIL 1, 1944
NUMBER: 1097

CONFIDENTIAL

FROM WAR REFUGEE BOARD TO HARRISON.

Please deliver the following message to Saly Mayer,
St. Gall, from M. A. Leavitt of the American Jewish Joint
Distribution Committee:

"Wally Piercy Silvahof Berne cables requesting
aid for Italian political refugees musicians Jews
and other friends. For your personal confidential
information she daughter of Arturo Toscanini.
Please contact her for such help as possible would
appreciate report. Understand Switzerland received
assurances from United States Government that
American visas will be available for up to four
thousand children entering Switzerland since Janu-
ary 1, 1944".

cc: Miss Chauncey (For the Sec'y), Messrs. Abrahamson, Akrin,
Bernstein, Mrs. Cohn, Mr. DuBois, Mr. Friedman, Mr. Gaston,
Miss Hodel, Miss Laughlin, Mr. Lesser, Mr. Luxford, Mr. Mann,
Mrs. Mannon, Messrs. Marks, McCormack, Murphy, Paul, Pehle, Pollak,
Rains, Sargoy, Smith, Standish, Stewart, Weinstein, H.D. White, Files

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Bern
TO: The Secretary of State, Washington
DATE: April 1, 1944
NUMBER: 2031

SECRET

A letter from the Intercross Committee of the Red Cross dated March 27 is summarized as follows (please refer to my number 1850 dated March 25, 1944):

1. The activities of Intercross on behalf of war victims in that part of Europe will be affected by events in Hungary and the possible occupation of Hungary and Slovakia. Certain adjustments are necessary in the joint 100,000 dollar relief program since the last possibilities of obtaining relief foodstuffs within Europe apparently are dwindling.

2. If the plans of the War Refugee Board to rescue certain particularly stricken groups of refugees are not to be too late, rapid action is necessary. The necessity of accepting the suggestion to send it (Intercross) parcels of underwear and food is urged by Intercross - please refer to paragraph three of my number 1366 dated March 8). These parcels would be stored in Geneva and only after concurrence of a representative of the War Refugee Board to whom full information and control vouchers could be supplied, would they be despatched.

3. The necessity of aid to children in certain parts of Europe and to prisoners in concentration camps is emphasized by Intercross - please see paragraphs B1 and C1 in my number 1366.

4. Acceptance of Intercross proposals is strongly recommended by the Legation.

HARRISON

DCR:MPL
4/3/44

PARAPHRASE OF TELEGRAM SENT

FROM: The American Minister, Bern
TO: The Secretary of State, Washington
DATE: April 2, 1944
NUMBER 2039

CONFIDENTIAL

The substance of a paraphrased message for Henry Leiper of the American Committee for Christian Refugees (please refer to my number 1836 dated March 25) from Freudenberg follows:

Licenses 2150 from the Legation have been received and for this new arrangement I am ver grateful. Because of urgency situation Fra where work as described in license more necessary than ever and impending events and also urgent commitments in Switzerland it is my suggestion that you send at once the usual distributions April to June plus an additional contribution if possible. Since much time is necessary for the unblocking of our fifteen thousand dollar credit please send free francs taking advantage of the present favorable rate of exchange.

The original message of which the foregoing is a paraphrase was signed by Thoof Freudenberg and 3156 is the number given.

HARRISON

DCR:MPL
4/5/44

*This message held up until code could be checked.

DMH-181

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (BR)

Ankara

Dated April 1, 1944

Rec'd 8:10 p.m.

Secretary of State,

Washington.

584, April 1, 1 p.m.

I should appreciate (reference Embassy's telegram 378, March 3, 6 p.m.) information by telegraph as to whether instructions regarding Hirschmann's salary and expenses have been forwarded.

STEINHARDT

EJH

Re War Refugee Board

GAR-183

This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (BR)

Istanbul

Dated April 1, 1944

Rec'd 7:40 p.m.

Secretary of State

Washington

218, April 1, 3 p.m.

239 Jewish refugees from Ceneuti were transferred yesterday at Istanbul from the large motorboat MILKA directly to a train destined for Palestine. One refugee stated that their exodus was expedited by the Rumanian Government.

BERRY

EJH

Developments during the week of
March 27 - April 1, 1944

1. STATEMENT ON AXIS ATROCITIES

The British Government has issued a statement expressing its unqualified approval of the President's statement.

We have transmitted a letter to State expressing the view that approval of the President's statement or the issuance of a similar statement by the Russian Government is most important particularly in view of the military situation in the Balkans, since such action would have considerable influence on the leaders and people in Rumania, Bulgaria, and Hungary. Accordingly, we have suggested that, if no action has been taken toward this end, immediate steps should be taken to have Russia take such action. We have also suggested to State that it consider the matter of obtaining similar action by all of the United Nations.

We have received reports from our Missions in Bern, Lisbon and Cairo, concerning the publicity which is being given to the President's statement. Harrison has reported that the statement will probably be carried by over 200 Swiss papers and that leading Swiss editorial writers and radio commentators will be asked to give the statement favorable comment. He also proposes to request indirectly the official Swiss radio to broadcast the announcement in German and French and has advised that clandestine tracts will be printed and distributed across the border.

Our Mission in Portugal has reported that the President's statement was prominently published in Lisbon and Oporto newspapers. Minister Norweb is also endeavoring to obtain editorial and radio comment on the statement.

- 2 -

Our Mission at Cairo has advised that the Greek Prime Minister has expressed the willingness of his government to issue a supporting declaration as it is in complete accord with the President's statement. The Office of War Information in Cairo is arranging to publicize the President's declaration locally and to include it in radio broadcasts in the Balkan languages and to publicize similarly the Greek Prime Minister's statement when it is issued.

2. APPROACH TO THE SATELLITES

In view of the German occupation of Hungary, a cable has been despatched to the International Red Cross at Geneva, requesting that it send effective representation to Hungary to protect the well-being of those now facing persecution in that country.

3. COOPERATION WITH OTHER GOVERNMENTS

(a) Russia

Harriman has advised us that he delivered to Vyshinski a memorandum setting forth this government's policy as contained in the circular airgram of January 26th and that he had orally informed Vyshinski that he wished to explore the manner in which the United States and Soviet Governments might work together on this question, after the memorandum had been studied. In his conversation with Vyshinski, Harriman also referred to the parallel action which both nations had taken and could take in trying to impress on Germany and the satellite countries that they would be held accountable for their inhuman actions against the Jews and other similar groups. It was pointed out by Harriman that such pressure on the satellite countries might aid in the evacuation of refugees from Hungary, Rumania and Bulgaria. According to Harriman, Vyshinski seemed to be sympathetic and stated that he would discuss the question further after he had had the opportunity of studying the memorandum.

(b) Other United Nations

(1) Canada

- 3 -

We have been advised by our Mission at Ottawa of the substance of a conversation had with Mr. R. A. Robertson of the Canadian Department of External Affairs. Mr. Robertson said that in 1940 approximately 4,000 refugees were admitted to Canada from the United Kingdom, many of these being classified as dangerous. About 1,000 of these have since left Canada and about 2,000 have been interned, leaving only approximately 900 who are at liberty in Canada. Only a trickle of refugees reached Canada in 1941 and 1942. Robertson stated that last October Canada sent an Immigration Agent to Lisbon with authority to admit an initial group of 200 families. The agent subsequently reported that there seemed to be only 600 or so refugees in the Iberian Peninsula who desire to leave and it was therefore doubtful whether Canada would be able "to find as many as 200 families."

Mr. Robertson also indicated that Canada very recently renewed its offer to the Intergovernmental Committee to take 1,000 Jewish children from Europe.

We have also been advised by Ottawa that it is anticipated that a statement will be made in the Canadian House of Commons on the entire refugee question, probably within the next six weeks.

(ii) New Zealand

We have received a report from our Mission at Wellington in response to the circular airgram of January 26th which sets forth a note received from the Prime Minister and the Minister of External Affairs as a result of the approach made to the New Zealand Government to obtain its cooperation with this government's policy concerning war refugees. The note stated that the policy of the New Zealand Government had been and continues to be one of affording to refugees the "maximum possible assistance consistent with the resources and the security of the Dominion." Since 1941 immigration permits to New Zealand have been affected by the spread of the war to the Pacific. However, within recent months the New Zealand Government has agreed to receive and provide accommodation for up to 700 Polish refugee children from the Middle East.

(iii) French North Africa

We have been advised by Chapin that the French

- 4 -

Committee of National Liberation has indicated that it is pleased to associate itself with the relief and rescue work with which the War Refugee Board is concerned. However, the French pointed out that the chief preoccupation of the Committee is with the problem of refugees from France and the general displacement of French nationals. A report on the refugee situation in North Africa prepared by the military attache of the Embassy indicates that the Committee has neither encouraged nor discouraged the entrance of refugees but rather has put the whole cause on an individual case basis, the real decisions being made by American, French and British security officers. Chapin has also advised that in order to encourage the Committee to allow refugees to enter North Africa more freely, some assurances should be made concerning the ultimate destination of the refugees.

Chapin has been assured by the Committee that sympathetic consideration will be given his suggestions that the Committee issue a declaration of policy similar to that made by the President at the time of the establishment of the War Refugee Board and that the Commissariat for Foreign Affairs issue appropriate instructions to its representatives abroad.

(iv) The Netherlands

Schoenfeld has advised us of the substance of a conversation he had with Dr. W. Huender, Head of the Bureau of Post-War Problems in the Netherlands Ministry of Foreign Affairs. Dr. Huender is reported to have indicated that Dutch authorities are in agreement with the policy of the President's Executive Order and will be glad to support any action which may be originated by the Board. It was stated that, of the 180,000 Jews originally living in Holland, about 140,000 had been deported to Poland. Only about 8,000 Jews, recognized as such, are still left in Holland. The remaining 32,000 have just dropped out of sight. It is thought that some may have found refuge in France or made their way to Switzerland, but most of them are probably still living in Holland in concealment with the help of the non-Jewish population.

With reference to Jewish victims, Dr. Huender said that those Jews in Holland who had been provided with Palestine certificates are in a relatively better position

- 5 -

than other Jews, since the possession of such a certificate may assist the holder to avoid being sent to a concentration camp. He thought therefore that it would be helpful if it were possible to provide more of these certificates. Likewise, it would assist in keeping some Jews out of concentration camps if more passports to South American countries could be provided.

(v) Belgium

We have also received a report from Schoenfeld setting forth the substance of his conversation and correspondence with Monsier A. Delierneux, Chief of Cabinet in the Belgian Ministry of Labor and Social Welfare. M. Delierneux stated that although it was in general very difficult for refugees to escape from Belgium, nevertheless, every few weeks a small number of people do manage to get through to England, France, and Spain. The situation of the Jews in Belgium is reported to be similar to that prevailing in the Netherlands.

As to possible opportunities for special action by the government to facilitate the rescue of Nazi victims, M. Delierneux referred to the lack of cooperation from local Spanish authorities on the Franco-Spanish frontier and suggested that as far as Belgian refugees are concerned, intervention with the Spanish Government to try to bring about some change in this situation would be of value.

(c) Neutrals

(i) Spain

The Joint Distribution Committee has cabled its representative in Lisbon to proceed to Madrid and contact the Embassy there with respect to the program which we approved for the rescue of refugee children from France. We have requested this representative to endeavor to work out arrangements with Hayes (who has raised certain questions regarding this program) whereby the project may be initiated without further delay.

According to a recent report, there are not more than 2,000 refugees at present in Spain, exclusive of French nationals who are being constantly evacuated. About 775 of this group will probably be moved to Camp Lyautey very shortly.

- 6 -

(11) Turkey

We have been advised by Hirschmann that the Turkish authorities have agreed to charter the "Tari" for 175,000 Turkish pounds (approximately \$97,200) for the contemplated evacuation voyage. Eight days are to be allowed for embarkation and debarkation under the arrangement and we will be required to pay approximately \$3,245 per day for each day in excess of eight. Hirschmann has warned that delays in embarkation are probable and that the voyage can only be completed within two months under the most favorable circumstances. The representative in Turkey of the War Shipping Administration, who participated in all the negotiations for the "Tari," regards the price agreed upon as reasonable under existing conditions. The Turkish Government, Hirschmann has indicated, requires a guarantee that the "Tari" will be replaced in case of loss by comparable passenger vessel and they will not accept a guarantee of replacement covering a cargo vessel. In view of the fact that the "Tari" will be prepared to sail within a week, Hirschmann has stressed the necessity of expediting the German safe-conduct. Continuing our efforts to furnish the Turkish Government with a substitute vessel for the "Tari" so that the latter may make more than one evacuation trip, we have despatched a cable to Winant asking him to obtain British assistance in the endeavor to procure a ship in the Mediterranean area, which might be chartered to the Turks.

There is also a good possibility of obtaining a Portuguese ship for evacuating refugees from Constanza. However, Hirschmann is of the opinion that negotiations for this ship should be held in abeyance until the "Tari" matter has been settled and evacuation possibilities have been further explored.

We have cabled our Embassy at Ankara to take all possible steps to solve the problem created by the reported refusal of Rumania and Bulgaria to permit Jewish refugees to leave these countries unless they have Palestine entrance certificates, which certificates are not allotted to persons while in enemy controlled areas.

A conference similar in its purpose to that which he recently held with the Rumanian Minister was had between Hirschmann and the Bulgarian Minister to Turkey. The latter was apprised of this government's attitude concerning Bulgarian treatment of Jews and other minorities with the view of inducing Bulgaria to halt further perse-

caution and to permit refugees to leave Bulgarian territory. The Minister stated that he would communicate this approach to his government.

(iii) Switzerland

Special instructions have been transmitted by State to our Mission at Bern, authorizing our consular offices in Switzerland to issue during the present quota year up to 4,000 immigration visas to refugee children from France who arrive in Switzerland on or after January 1 and before July 1 of this year. Replace visas are to be issued to children covered by the instructions, who are still under sixteen years of age at the date such replace visa is issued. Such replace visas are to be issued to these children each year until at least six months after the termination of hostilities between Germany and the United States so that they will continue to hold American visas until transportation is available to the United States. The Swiss authorities are being advised of these instructions and it is to be indicated to them that it is hoped that they will take such action as will facilitate the movement of children to Switzerland from France. The Government of Switzerland is also being informed that the War Refugee Board will undertake to arrange for any financing that may be needed to provide maintenance for refugees arriving in that country. Private relief agencies working in Switzerland have been advised of the availability of these American visas for the refugee children. Our Consulate at Zurich which has been authorized to supervise the issuance of these visas, has advised that the necessary steps are being taken to have all Consulates in Switzerland issue such visas.

We have prepared a cable to Bern which is pending at State, asking Harrison to inquire of the Swiss authorities whether they feel their negotiations with Vichy regarding exit permits for refugee children would be aided if similar approaches were made by Eire and Portugal. If the Swiss believed approaches by these governments might have some beneficial effect, we propose to ask these governments to take such action.

(iv) Portugal

Our Minister at Lisbon has reported the substance of a conversation he has had with the Secretary-General of the Foreign Office in an effort to obtain the

cooperation of Portugal with this government's policy concerning refugees. The Portuguese official indicated that since his country was not contiguous to German-occupied territory; the refugee problem in Portugal was largely a question of permitting the transit of refugees who might be coming out of occupied Europe and to provide refuge for a limited number to an extent which would not interfere with the economy of the country. He assured our Minister that Portugal would cooperate with this country along the lines of its established refugee policy, which, he stated, has been liberal and humanitarian. Memoranda prepared by four relief organizations working in Portugal, containing suggestions as to what this government and the government of Portugal might do to effectuate the war refugee policy of the United States, have been submitted by our Minister and are now being studied.

(d) Latin American Countries

Reports have been received from our Missions in Chile, El Salvador, Ecuador, Colombia and Venezuela.

(i) Chile

The Mission in Chile reports that, since late in 1939, rigid rules have been in force regarding immigration to that country and that there have been charges of discrimination in their application, particularly with respect to Jews. In the Ambassador's opinion the principal obstacle to large-scale immigration to Chile, especially to Jewish immigration, is the fear that such immigrants will become concentrated in the urban centers.

(ii) El Salvador

We have been advised that the immigration policy of El Salvador which was formulated at a meeting held some years ago, generally restricts European immigration, except that of technicians. However, on humanitarian grounds, some Jewish immigrants are being admitted. A Cabinet meeting is to be held shortly on the subject of the admission of Jews and other refugees, as a result of our Mission's approach to the El Salvador Government, following its receipt of the circular airgram.

(iii) Ecuador

Our Mission in Ecuador has advised that there

are no special restrictions in that country against the entry of Jews on racial or religious grounds, although they, like other immigrants, are admitted only if they will engage in certain specified pursuits. The Ecuadorian Government believes that the entry of further Jewish refugees who would probably settle in the two principal cities of the country would lead to a strong anti-Semitic feeling. Our Mission believes that this might be true and has recommended the establishment of temporary camps in Ecuador for such refugees for the duration of the war. It is the Mission's belief, however, that non-Jewish refugees who are fit for agricultural labor would be welcome in Ecuador.

(iv) Colombia

Our Mission in Colombia has reported that while the Colombian Government is prepared to cooperate in a general way in extending humanitarian assistance to refugees, at the same time it will adjust its policy and action to its national immigration policy with the object of protecting Colombia against "any uncontrolled influx of undesirable refugees."

(v) Venezuela

The Venezuela Government has expressed its sympathy with the principles which inspired the formation of the War Refugee Board and has advised our Mission that appropriate officials are now studying the possibility of giving concrete form to the cooperation Venezuela could render in the task assigned to the Board.

4. COOPERATION WITH THE INTERGOVERNMENTAL COMMITTEE

Sir Herbert Emerson has submitted a memorandum through the London Embassy in which he suggests that the United States might relax in certain respects the procedure now being followed with regard to the issuance of visas to refugees. The question arises out of the case of refugees detained on the Island of Mauritius but it is stated that there are other refugees likewise affected by this government's policy. That policy, according to the memorandum, appears to be that visas will not be issued if any would-be immigrant is under any restriction in excess of that imposed on persons of neutral nationality and that if such person has been at any time in internment, his release must be

- 10 -

unconditional. It is suggested that, in the case of Mauritius, this government should scrutinize the individual cases of refugees for security purposes and decide them on the merits, rather than to continue to insist that release from detention is a condition precedent to consideration of an application for a visa. Sir Herbert Emerson has asked that this subject be given consideration by the State Department and by the War Refugee Board.

We have been advised that Lord Winterton, Chairman of the Executive Committee of the Intergovernmental Committee, has requested an opportunity to discuss with Winant subjects growing out of Deputy-Director Kullman's recent visit to Switzerland and has sent certain memoranda on these subjects to the London Embassy. Further communications are expected from London after Lord Winterton's call takes place.

5. ESTABLISHMENT OF HAVENS OF REFUGE

(a) Virgin Islands

We have received a memorandum from the World Jewish Congress urging that European refugees be admitted with a minimum of formality to the Virgin Islands, upon the understanding that such admission is temporary unless in the meantime they are able to obtain permanent immigration visas.

6. SPECIAL PROJECTS

(a) Internees in Enemy-Occupied Europe Holding Latin American Passports

Cables to our Missions in various South American countries have been despatched by State asking them to request the governments to which they are accredited to take no action until after the war to revoke or cancel passports now held by internees in Europe.

(b) International Red Cross Feeding Program

A cable has been received from Bern stating that in view of recent developments in the Balkans, the International Red Cross is doubtful whether it will be possible to obtain any more foodstuffs from Hungary and that, as a consequence, substantial changes will have to be made in its program.

- 11 -

We have also been advised by the International Red Cross that, if funds are made available, they are willing to purchase food in Portugal for the relief of Jewish refugees, particularly those in three refugee camps in Croatia, where food conditions are precarious. The International Red Cross proposes to ship the food purchased by sea from Lisbon to Marseilles and has inquired if we will endeavor to obtain the consent of the blockade authorities to such shipments.

(c) Rescue of Jewish Refugees from the Balkans

The Vaad Hahatzala Emergency Committee, upon our recommendation, has been licensed to send \$25,000 to its representative in Turkey to be used for rescue and relief operations.

(d) Refugees on the Island of Mauritius

A memorandum has been sent to State with respect to the wide-spread suffering existing among refugees, mainly Jews, on the British Island of Mauritius in the Indian Ocean.

7. COOPERATION WITH OTHER GOVERNMENT DEPARTMENTS

(a) Foreign Economic Administration

Mr. Zarky has been designated as liaison officer between the Foreign Economic Administration and the War Refugee Board. We have been advised that the Foreign Economic Administration has instructed its representatives abroad to cooperate with the Board's foreign representatives.

/s/ J.W. Pehle

NOT TO BE RE-TRANSMITTEDTOP SECRETOPTEL No. 105

Information received up to 10 a.m. 1st April 1944.

1. NAVAL

24th. One of H.M. Submarines fired six torpedoes at a convoy composed of large tanker escorted by two destroyers and four trawlers north of Trondheim; subsequently a heavy explosion was heard.

On 30th/31st during attack by coastal forces on German convoy off Dutch coast one of our motor torpedo boats was damaged and subsequently sank.

On 28th 32 enemy aircraft unsuccessfully attacked shipping at Anzio. A/A destroyed 8.

On evening 29th 12 enemy aircraft unsuccessfully attacked convoy east of Algiers; two of them were destroyed and one probably destroyed by fighters.

On 27th British Minesweeper was sunk by U-Boat southwest of Colombo.

2. MILITARY

Italy. To noon 31st. Main Front. On right active patrolling with increased enemy shelling and mortaring in Cassino and Indian sectors. Two German attacks supported by heavy artillery and mortar fire against New Zealanders at Cassino railway station were unsuccessful. Russians have occupied a town in the German salient northeast of Kamenets Podolsk and have continued their advance between Dniester and Pruth. They have cut railway Jassy-Kishinev and occupied places 45 miles North and 40 miles north east of Gessa and also Ochakov on Ineper estuary.

Burma. In Chindwin Japanese have penetrated to the Dimaapur-Imphal Road at a point 20 miles North of latter. Chinese capture of Shaduzup confirmed.

3. AIR OPERATIONS

Western Front. 30th/31st. Nuremberg. 967 tons H.E. and 1181 incendiary dropped including 322 4,000 pound bombs. Clear en route cloudy over objective. Most crews bombed on sky markers; difficult to estimate results but bombing appeared widely dispersed. Strong fighter opposition en route and over Nuremberg and particularly severe on Frankfurt area; three claimed destroyed. 94 bombers missing, 6 crashed. 31st/1st. Aircraft despatched: Essens 5, Intruders 5, Mustangs 15. All returned safely.

Italy. On 28th/29th Wellingtons and Liberators dropped 92 tons on Milan railway centre.

On 29th total 389 escorted Fortresses and Liberators dropped total 928 tons on goods yards at Turin, Bolzano and Milan. Mitchells attacked Viterbo airfield dropping 54 tons. 13 bombers and 111 fighter bombers attacked harbours and communications in Central Italy. Enemy casualties 17:3:12, ours 5 Liberators 3 fighters.

NOT TO BE RE-TRANSMITTED

COPY NO. 11

SECRET

OPTTEL No. 106

Information received up to 10 a.m., 2nd April, 1944.

1. NAVAL

One of H.M. Submarines torpedoed a 5,000 ton ship southeast of STAVANGER on 24th.

On 30th mines were dropped in the anchorage at ANZIO and German positions were shelled by a U.S. Destroyer.

2. MILITARY

Russians continue to close in towards TIRASPOL and ODESSA.

3. AIR OPERATIONS

WESTERN FRONT. 1st. Liberators dropped total 429 tons on opportunity targets in Southwest GERMANY. Claims by escorting fighters 12, 3, 10 in the air, and 26, 3, 32 on the ground. 12 Liberators and four fighters missing.

1st/2nd. Aircraft despatched:	
Sea mining	34
Mosquitoes to HANOVER, AACHEN	
KREFELD and Intruders	57

All returned safely.

ITALY. 30th. Mitchells dropped 53 tons at LEGHORN and total of 183 fighters attacked objectives in the battle areas and along ADRIATIC Coast.

31st. Total 203 Allied and fighter bombers operated against railway and other objectives in Eastern ITALY.

5/3/44

Mrs. Klotz checked with the Secretary
who said file and forget.

THE WHITE HOUSE
WASHINGTON

April 3, 1944.

MEMORANDUM FOR

HON. HENRY MORGENTHAU, JR.

I am told that the recent Tax Bill contains a lot of loopholes -- and as one example, several dozen people received over \$10,000 a piece owing to the abolition of the windfall tax alone.

How would it do to get Randolph Paul to do a special job for us on a subject of this kind? I would be glad to see him if you would get him down to Washington.

F.D.R.

AMHERST COLLEGE
AMHERST MASSACHUSETTS

OFFICE OF THE PRESIDENT

April 3, 1944

Dear Mr. Secretary:

I am happy to have your note of March 29th regarding Peter Odegard. Peter has done an outstanding piece of work at Amherst during the past six months in reorganizing and leading a group of teachers who have handled our courses in American history and government for three hundred and sixty picked soldiers from the entire Army of the United States who are candidates for the Military Academy at West Point. We could not have handled the program adequately without him. While we are reluctant to have him leave again, I realize the importance of the work which he is about to undertake for you and I have granted him leave from April 1st to August 31st. Peter and Eleanor were at our house yesterday afternoon to say good-bye and he left last night for Washington.

Mrs. King joins me in warm good wishes to Mrs. Morgenthau and to you, and I hope you will give our best wishes to Bob when you write him.

Cordially yours,

Stanley King

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

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

CONFIDENTIAL

DATE April 3, 1944

TO Secretary Mergenthau
 FROM Mr. Harbo
 Subject: The Business Situation,
 Week ending April 1, 1944

Summary

Manpower: Recent steps to cut occupational deferments drastically for workers under 26, and the seasonal spring movement of workers back to the farms, promises to further aggravate the existing tight manpower situation. A drop of about 1 percent in munitions output in February was attributed to manpower limitations, with labor shortages particularly evident at plants making bearings, castings and small electric motors.

Stock market: Stock prices and trading activity showed a further recession last week, although the Dow-Jones average of 65 stocks at the close on Saturday was less than 1 percent under week-earlier levels. Despite the decline in trading activity near the end of last month, total stock transactions on the New York Exchange in March were the largest since May 1943.

Commodity prices: Although grain prices remained firm, commodity prices last week showed an easing tendency, and the BLS index of 26 basic commodities declined slightly for the second consecutive week. In the week ended March 25 the all-commodity index was up 0.1 percent to 103.7, which is 0.7 percent above the level at the beginning of this year. An important factor in this small advance has been upward revisions in the OPA ceiling prices on several industrial commodities.

Farm parity: The farm price index rose slightly last month, but continued to move within the narrow range of the past year. The index of prices paid (including interest and taxes) was also slightly higher, with the result that farm prices continued to average 115 percent of parity, the same as in the preceding month. In March last year the parity ratio stood at 120 percent.

Retail trade: Preliminary reports indicate that department store sales last week rose sharply above last year's levels under the stimulus of pre-Easter and beat-the-tax buying. Sales in the week ended March 25 were 17 percent above the corresponding week in 1943.

- - - -

- 2 -

Manpower shortage dominates production outlook

Strong pressure of the armed forces for additional men, intensified by recent steps to reduce occupational deferments drastically for workers under 26, is focusing increased attention on the tight manpower situation as the most serious problem in the war production program. In connection with the slight drop of about 1 percent in munitions output in February, WPE Chairman Nelson recently indicated that manpower was the limiting factor, particularly in such items as bearings, castings and small electric motors. Some improvement, however, has occurred in manpower utilization in munitions industries during recent months, particularly in the aircraft industry, which on an airframe-weight basis, broke all previous production records in February.

The production difficulties already experienced as a result of manpower shortages are expected to increase in coming months, as many younger workers, hitherto deferred for occupational reasons, are inducted into the armed services. The WPE Chairman last week indicated that the industries most likely to be adversely effected by manpower difficulties would be radar, aircraft, high octane gasoline, synthetic rubber and other industries employing many young engineers and technicians. Concern has been expressed by the U. S. Rubber Director, the American Chemical Society, the petroleum industry and others over the drafting of young technical workers.

Basic industries such as steel and coal are also seriously disturbed over the impending manpower loss. Although estimates of the threatened loss in steel production due to manpower shortages vary widely, one leading trade journal has estimated that induction of deferred workers under 26 would cause steel output to drop 10 percent or more. In connection with the manpower shortage in the coal industry, the Solid Fuels Administration last week indicated that it will ask for draft deferment of coal miners 22 to 25 years old.

Actual impact of tightened draft regulations for younger workers may not be quite as severe, however, as some industries now fear, due to the work of an inter-agency committee which will be empowered to grant occupational deferments in meritorious cases. Nevertheless, with the customary seasonal flow of workers back to the farms now under way, and the armed services cutting into the ranks of younger workers, the manpower shortage will present a particularly serious problem in coming months.

- 3 -

On a regional basis, the labor supply appears to have become somewhat more evenly distributed in relation to demand, since the War Manpower Commission on April 1 dropped 7 metropolitan areas from the Group 1 (acute labor shortage) classification, placing them in Group 2, or areas of labor stringency. However, this may to some extent have reflected pressure from the cities involved to be removed from Group 1, which bars them from new war contracts.

Stock prices and trading activity show further decline

Continuing the trend of the previous week, stock prices and trading activity showed a further recession last week. With the exception of a brief flurry of heavy selling on Tuesday, market movements were relatively narrow. Reference to Chart 1 will show that industrial, railroad and utility stock prices all eased during the week, although the Dow-Jones average of 65 stocks at the close on Saturday was down less than 1 percent from week-earlier levels. Despite the decline in activity near the end of the month, total stock transactions on the New York Exchange in March were the largest since May 1933, and with the exception of March 1943 were the largest for that month since 1937.

Tuesday's rather sharp market decline brought forth numerous explanations, although it had apparently been foreshadowed by the previous inability of prices to make any real headway despite the sharply increased trading volume of the preceding 3 weeks. Among others, allied difficulties in Italy and uncertainties over the forthcoming European invasion were cited as factors behind the selling of stocks.

In this connection it is of interest that a Gallup poll published last week reveals that the American public has recently taken a more sober view of the probable length of the war in Europe. Whereas in January, 58 percent of those polled believed the war in Europe would be over in 1944, only 33 percent in the recent poll held such an opinion. Likewise, the number believing that the war in Europe might not end until 1946 or 1947, or even later, rose recently to 14 percent of the total polled as compared with only 6 percent in January. In view of this indication of a shift in public sentiment, it seems likely that some reorientation of views on war prospects may have been under way in financial circles, with consequent effects on stock prices.

Commodity prices slightly lower

Commodity prices tended to ease last week, although grain prices remained firm at ceiling levels. The BLS index

- 4 -

of 25 basic commodities declined slightly for the second consecutive week and now stands 80.7 percent above the August 1939 average, and 2 percent above the corresponding week of last year. (See Chart 2.)

With hog marketings heavy, prices of hogs last week declined noticeably to the lowest levels in almost a month. Hog marketings in the current season have been considerably larger than would be expected from the increase in production in 1943. It is probable that farmers are liquidating their holdings to some extent because of the decline in feeding profits and the tight grain situation.

Cotton prices declined moderately last week. Spot cotton prices have moved irregularly during the past three weeks, following an almost steady rise since the beginning of December. A slight decline in rosin prices was the first in over three months. Steer and barley prices were up fractionally.

Grain futures have shown strength recently in reflection of the tight feed grain situation. Corn marketings continued very light last week, and despite the recent corn set-aside order of the WFA another large refining plant, the Clinton Co., was forced to close for lack of corn supplies. The Corn Industries Research Foundation announced that only 8 of the 11 plants which "supply the country's needs of starches, sugars, and other products of corn" are operating, and several of these are working on sharply reduced schedules. Nearly all are expected to close shortly unless supplies of corn are made available. (The WFA last Saturday increased from 35 percent to 50 percent the amount of corn which elevators must set aside for sale to essential industrial users.)

Feed mills are also reported to be threatened with closing because of lack of materials. It is difficult to substitute oats, barley, and sorghum grain for corn in feeds, since none of these is available in large quantities. To help compensate for the decreased corn supplies, the WFA is planning to make available in April, 28 million bushels of wheat for feed purposes, or 11 million bushels more than last month.

Wholesale prices slightly higher

The BLS all-commodity index rose 0.1 percent in the week ended March 25, principally because of advances in the prices for hogs and rye and higher prices for lumber.

- 5 -

The higher lumber prices resulted from an upward adjustment by the OPA in the ceiling prices for southern pine boards of 2 1/2 inch dimension lumber. At 103.7 percent of the 1926 average, the index is now only 0.4 percent higher than a year ago but 16.3 percent above the pre-war level of August 1939.

Although the index has varied less than one point during the past year, it has shown a gradual advance during the first three months of 1944. Of the 48 groups of wholesale commodity prices included in the index, 10 have registered increases of one percent or more in the period from January 1 to March 25, whereas 3 have registered decreases of one percent or more. Most of the noticeable increases during the period were for industrial items, although the largest increases were in livestock prices, 5.2 percent, and fruit and vegetable prices, 4.9 percent. (See Chart 3.)

In most cases the advances in prices of the industrial groups are explained by upward revisions in the OPA ceiling prices, as for coal, lumber and others. Livestock prices have advanced with the tapering off in hog marketings, and the rise in fruit and vegetable prices has been largely of a seasonal nature.

The largest price decline shown by any group during the period was in the "other foods" group, which reflects the sharp drop in egg prices during the past three months. Hosiery and underwear, and hides and skins registered noticeable, although smaller, decreases.

Farm price index up slightly

Despite irregular trends in farm prices last month, the index of prices received by farmers was up slightly. This index, however, has moved in a narrow range during the past year and at 196 is only 4 points above the level of March 1943 and is one point below the peak reached last April. (See Chart 4.)

Fruit prices showed the largest change of any group of farm commodities last month, rising over 4 percent. With the harvesting of the early and mid-season Florida orange crop nearing completion, orange and grapefruit prices rose sharply, and apple prices were higher, reflecting the seasonal increase in the ceiling price. The fruit index is 51 percent higher than a year ago. Meat animal prices rose noticeably, but they continue considerably below the levels of last year. A continued decline in egg prices was largely responsible for the poultry and egg index moving lower, with egg prices now

- 6 -

averaging 11 percent below those of a year ago. In contrast to the extreme rise in truck crop prices last year, prices for this group declined noticeably in March and the truck crop index is almost 26 percent lower than in March 1943.

The index of prices paid by farmers (including interest and taxes) rose slightly last month, concurrent with the rise of the index of prices received. Consequently, farm prices continued to average 115 percent of parity. A year ago, however, the parity ratio was 120 percent. All principal farm products are now at or above parity except wheat, rye, flaxseed, cotton, hay, peanuts, lemons, and oranges.

Retail sales boosted by seasonal buying and tax increases

Although actual figures are not yet available, press reports indicate that department store sales boomed last week under the impact of the usual pre-Easter buying and beat-the-tax buying of items subject to higher excise taxes effective April 1. In reflection of these factors, department store sales in the week ended March 25 were 17 percent above year-earlier levels, while sales during the 4 weeks ended March 25 were 12 percent above the corresponding period in 1943. (See Chart 5.)

In New York City some store executives estimated that sales gains last week might run 40 percent over the 1943 levels, while sales gains in taxable items ranged up to 300 percent or more. Dun and Bradstreet estimated that nation-wide retail sales last week ran from 17 to 21 percent above last year's levels, with sales particularly high in jewelry, toilet goods and furs, all subject to excise tax increases.

Department store stocks higher than last year

Buying of articles subject to higher excise taxes would have attained higher levels if it were not for the shortages of some items. This was particularly the case in connection with liquors, where the prevailing shortage prevented beat-the-tax buying from reaching large proportions. Department store stocks in February showed the usual seasonal rise, and as a result the FRB adjusted index of stocks was unchanged from the previous month at 105. Reference to Chart 6 will show that department store sales during February, seasonally adjusted, also were virtually unchanged from the previous month.

- 7 -

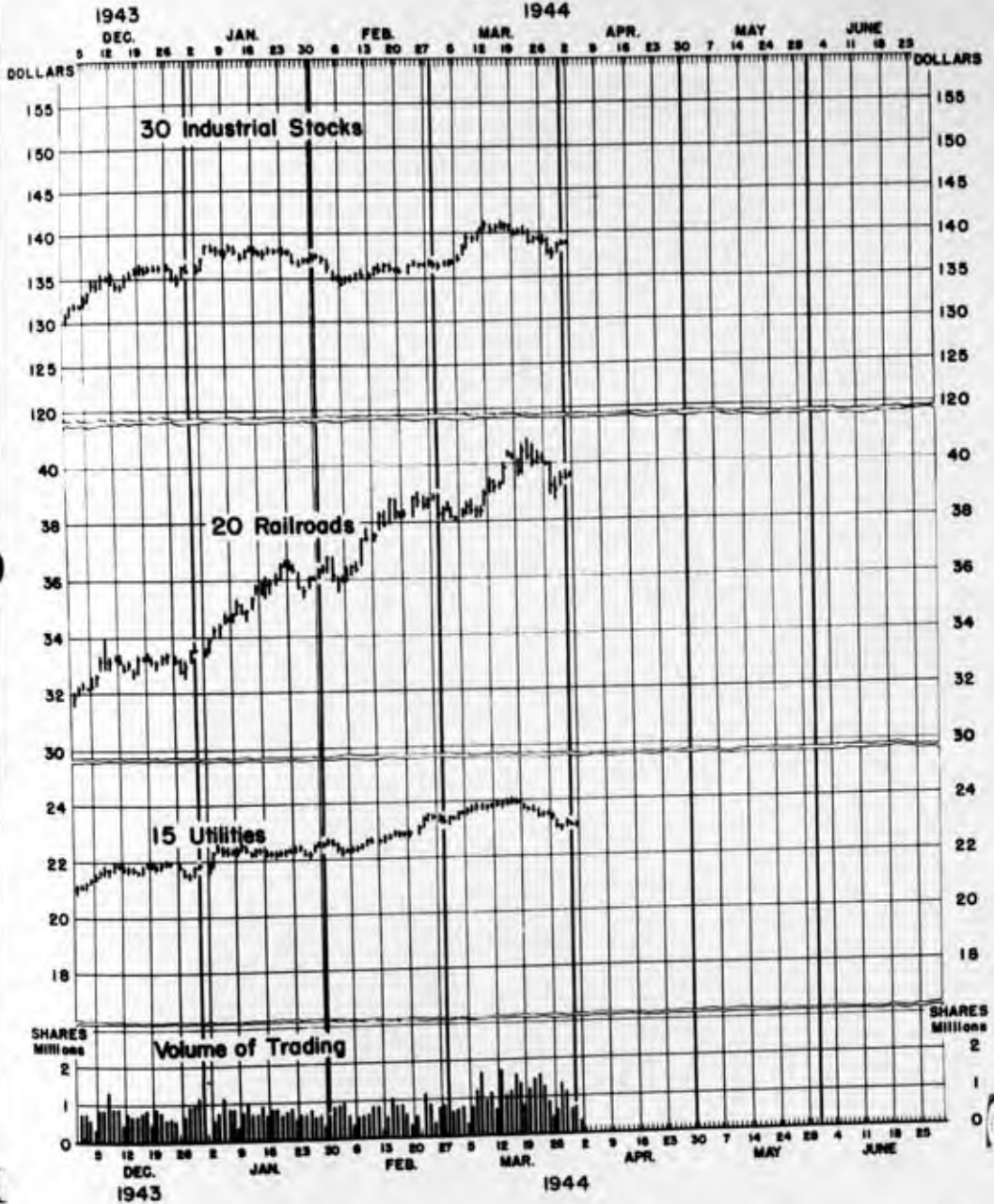
While the gain in department store stocks in February was purely seasonal, it is interesting to note that the dollar value of stocks at the end of the month was 13 percent above last year's level, as compared with only 2 percent at the end of January.

Independent grocery stores gain over chains in war period

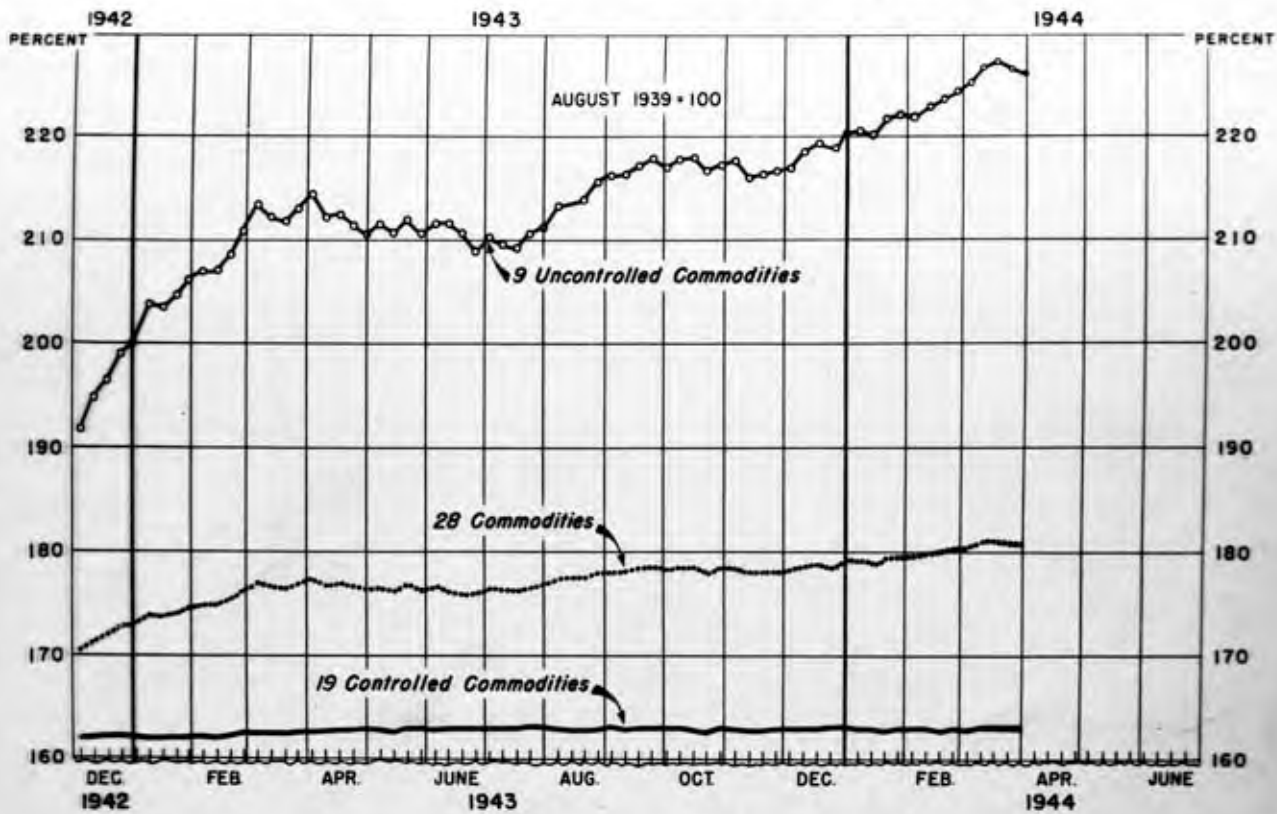
Sales of independent grocery stores in February, after allowance for seasonal factors, were virtually unchanged from the previous month, thus substantially paralleling the course of department store sales. Seasonally-adjusted chain grocery store sales in February, however, declined 4 percent from the previous month. (See Chart 7.) Since the third quarter of 1942, independent grocery stores have considerably improved their relative sales position with respect to the chain stores. In addition to other factors, gasoline shortages and manpower difficulties have operated against many larger chain stores, particularly the super market type. At the same time, greater stress on convenience and less on price under war conditions has aided the independents.

STOCK PRICES, DOW-JONES AVERAGES

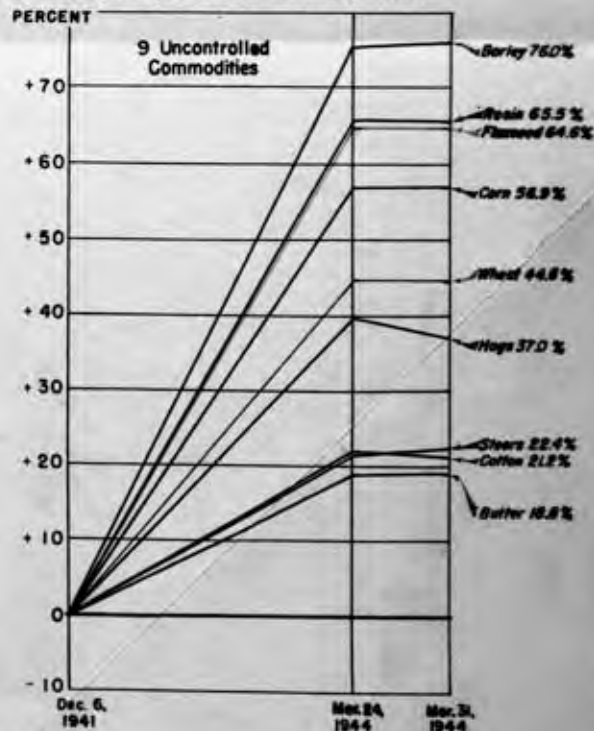
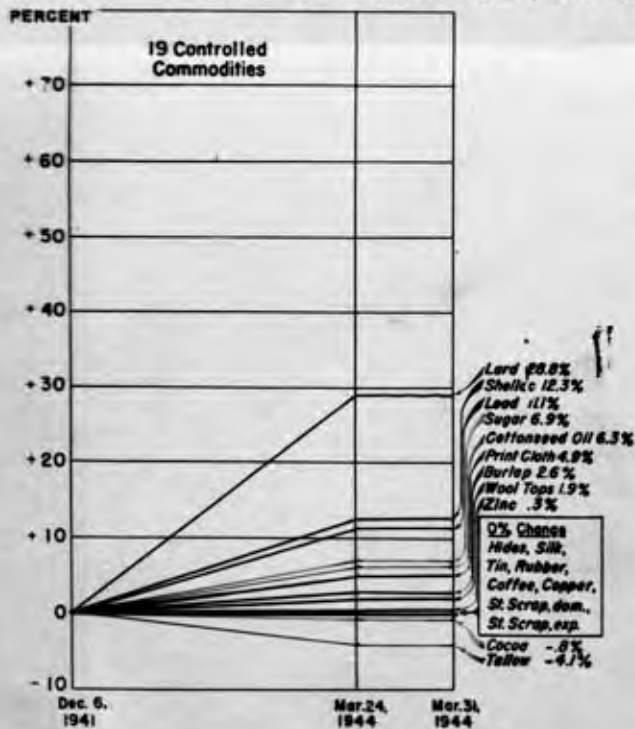
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MOVEMENT OF BASIC COMMODITY PRICES



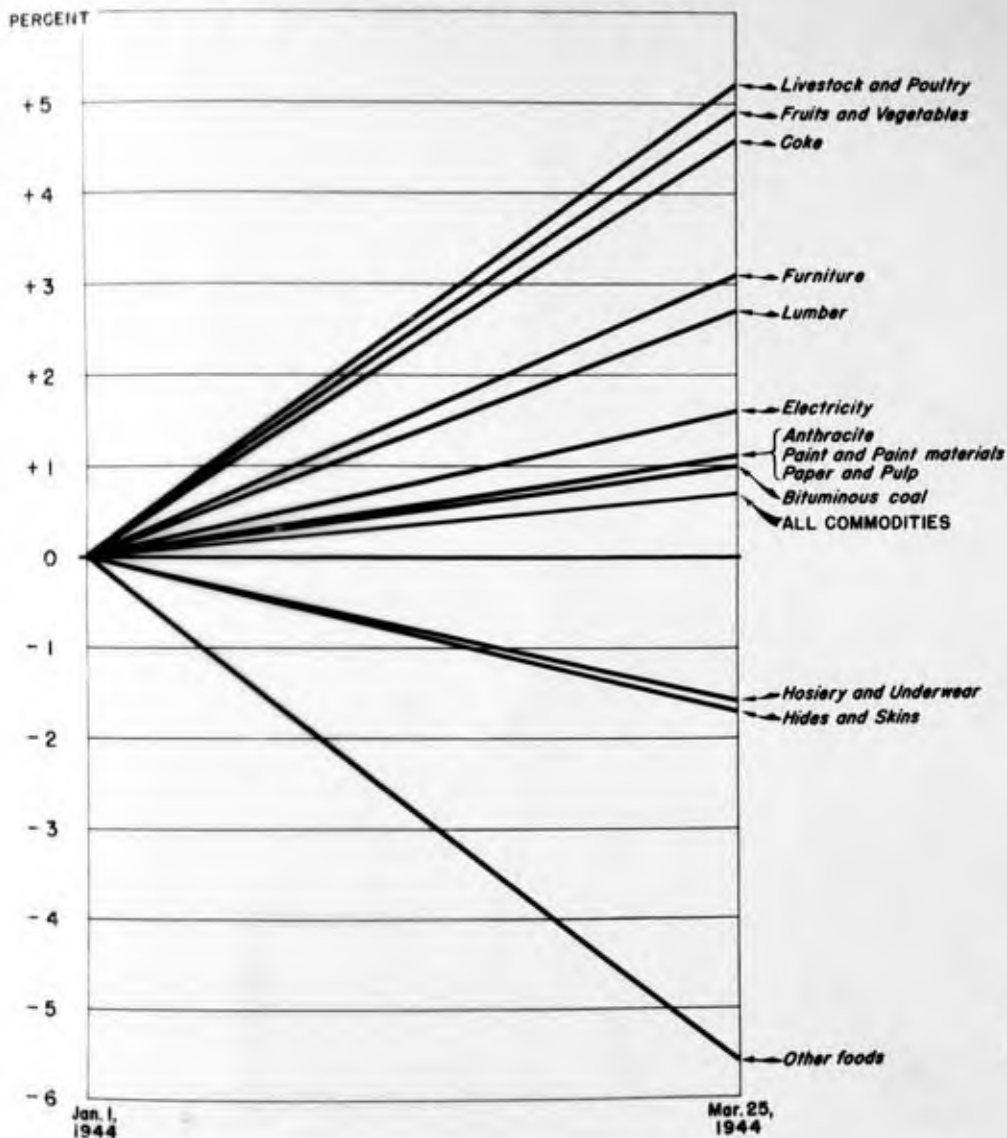
PERCENTAGE CHANGE DEC. 6, 1942 TO MAR. 24, AND MAR. 31, 1944



52

WHOLESALE COMMODITY PRICES

Percentage Changes in Selected Groups of B.L.S. All Commodity Index
 Week Ended January 1, to Week Ended March 25, 1944

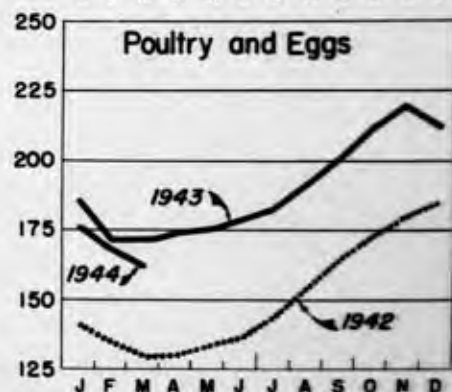
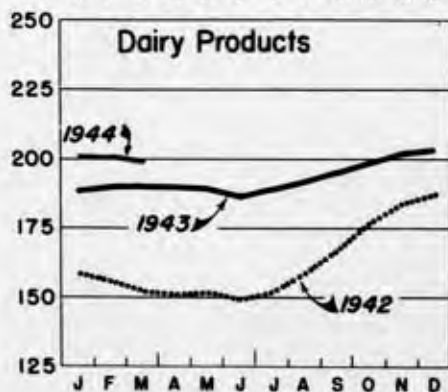
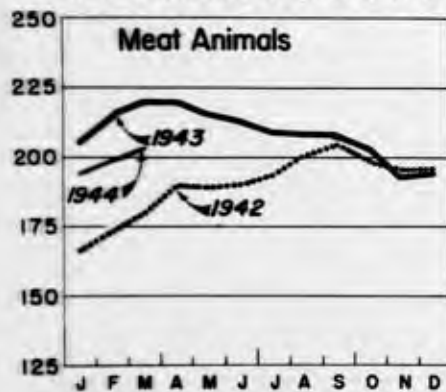
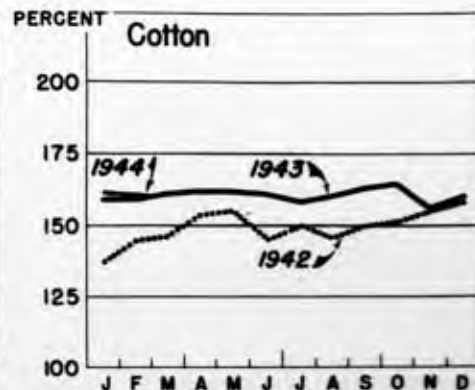
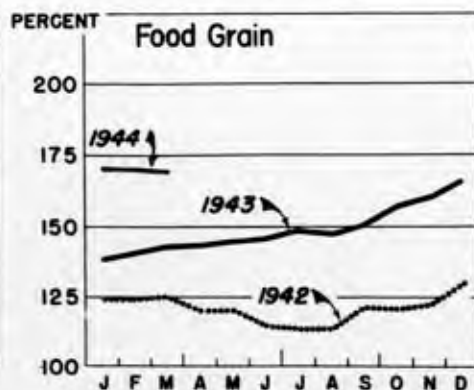
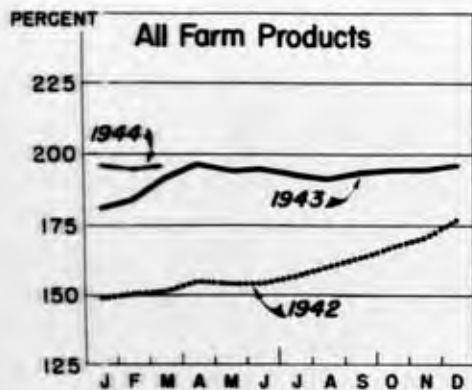


Office of the Secretary of the Treasury
 Division of Research and Statistics

P-245-A

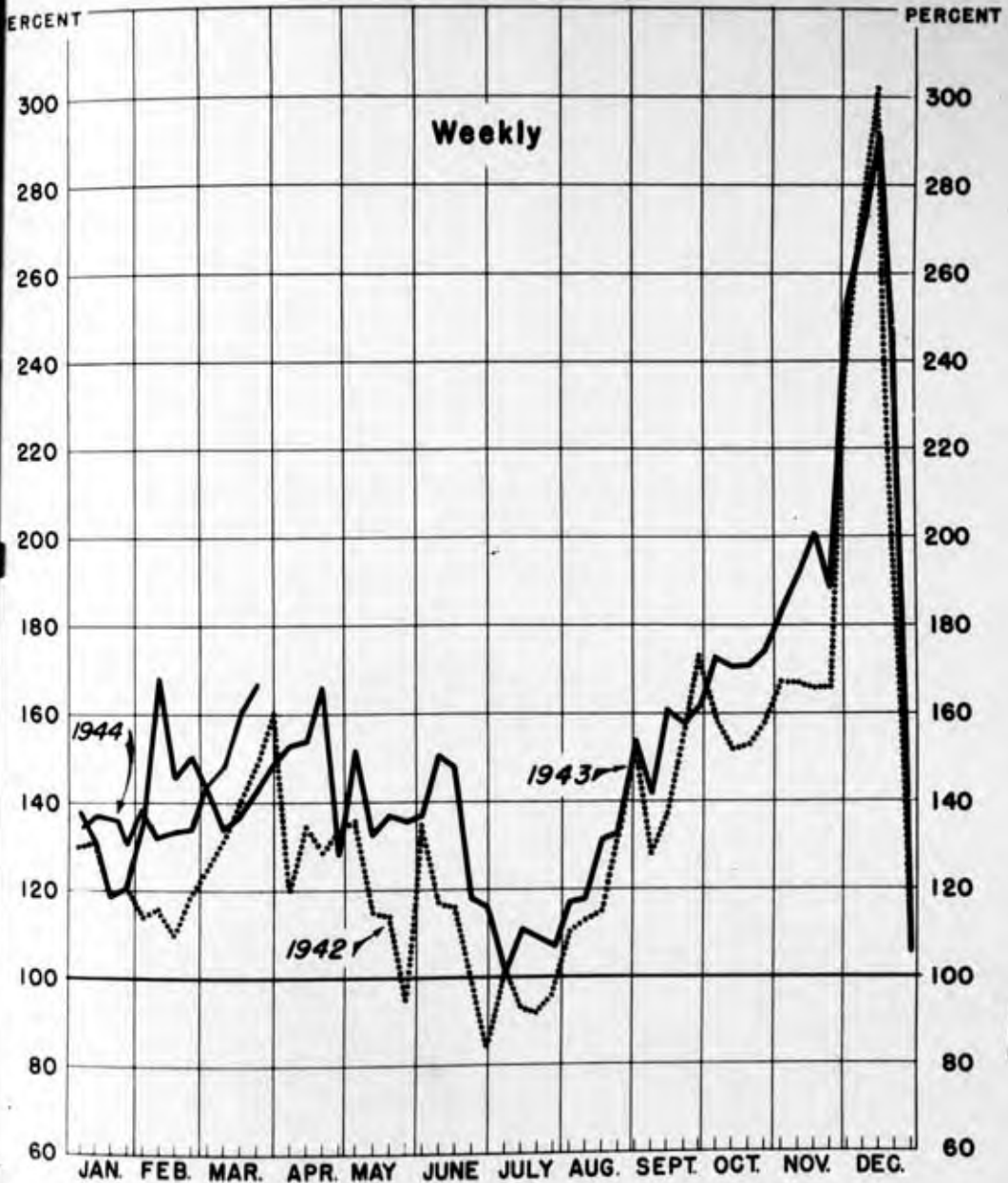
AVERAGE PRICES RECEIVED BY FARMERS

Indexes, August 1909 - July 1914 = 100



DEPARTMENT STORE SALES

1935-'39 = 100, Unadjusted



DEPARTMENT STORE SALES AND STOCKS

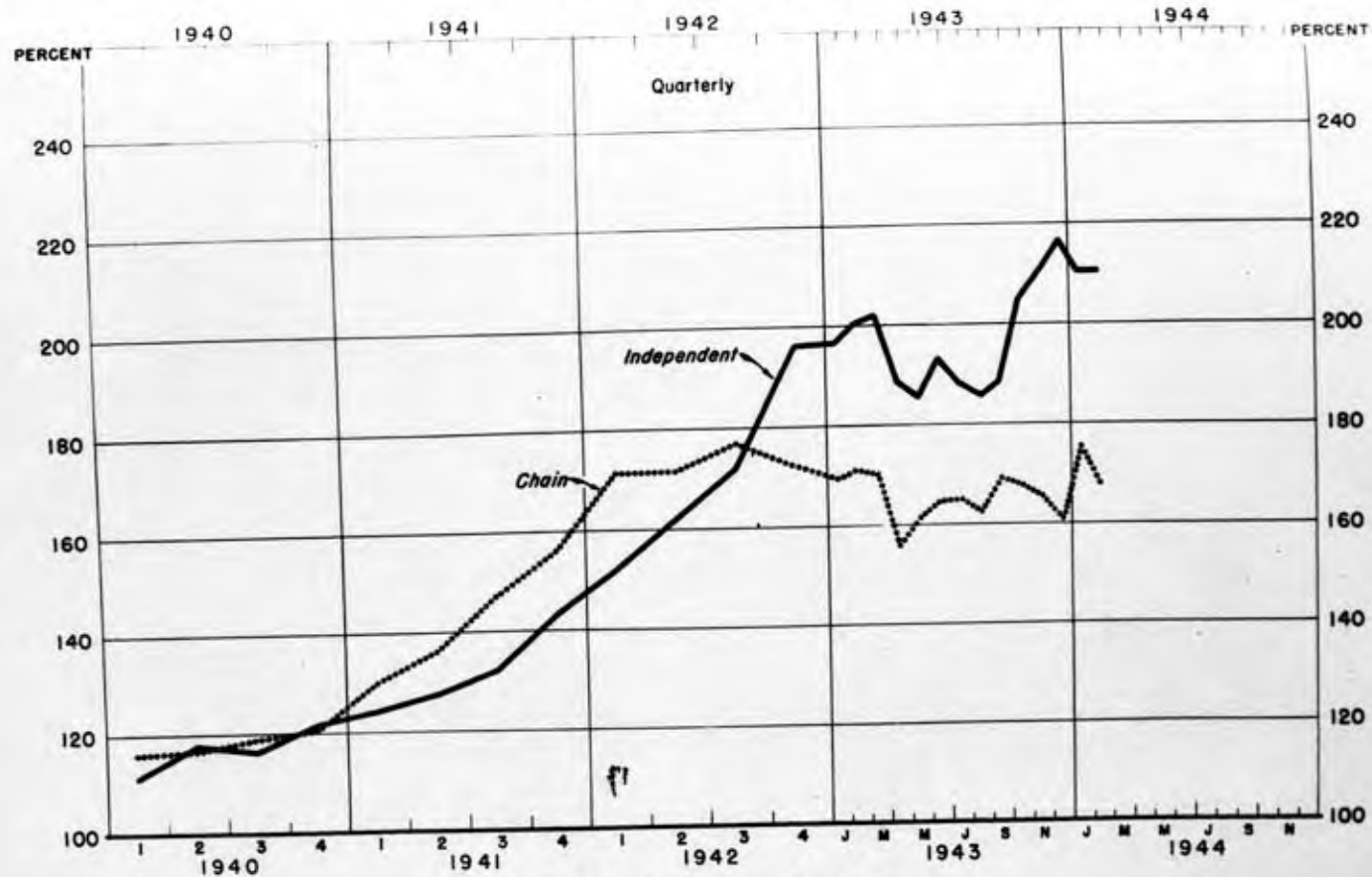
Dollar Values, 1923-'25=100. Adjusted



Source: Federal Reserve Board

SALES OF CHAIN AND INDEPENDENT GROCERY STORES*

1935-'39 = 100, Adjusted



*Includes Stores with and without Fresh Meat.
Source: Department of Commerce.

25

April 3, 1944.

Dear Mr. East:

Thank you for your memorandum of March 30, transmitting to the Secretary of the Treasury copies of the Executive Reports on lend-lease operations, as of February 29, 1944. Your courtesy in bringing this current information to Mr. Morgenthau's attention is much appreciated.

Sincerely yours,

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

Mr. John D. East,
Director of Research and Reports,
Foreign Economic Administration,
Washington 25, D. C.

GEF/dbs

FOREIGN ECONOMIC ADMINISTRATION

59

WASHINGTON 25, D. C.

March 30, 1944

MEMORANDUM

To: The Honorable Henry Morgenthau
From: John D. East
Director of Research and Reports
Subject: Executive Reports

Transmitted herewith, for your information,
are copies of the Executive Reports on lend-lease
operations, as of February 29, 1944.

**ALLOCATIONS, OBLIGATIONS AND EXPENDITURES
 LEND-LEASE FUNDS APPROPRIATED TO THE PRESIDENT**

Report as of Feb. 29, 1944
 (Thousands of Dollars)

Appropriation Category	Adjusted Appropriations	Cumulative to February 29, 1944		
		Allocations	Obligations	Expenditures
Ordnance and Ordnance Stores	1,692,306	1,573,966	1,466,710	1,285,540
Aircraft and Aero. Material	2,629,625	2,541,034	2,472,567	2,060,944
Tanks and Other Vehicles	739,273	670,971	639,014	617,542
Watercraft	3,871,703	2,981,349	2,542,747	2,348,093
Misc. Military Equipment	354,288	323,289	278,867	249,981
Production Facilities	1,154,688	1,106,949	1,055,142	979,559
Agric. and Indust. Commodities	12,608,929	12,236,170	9,395,718	7,451,741
Servicing, Repair of Ships, etc.	790,818	678,424	543,321	529,734
Services and Expenses	800,000	424,454	315,814	260,285
Administrative Expenses	28,999	27,021	26,027	25,785
Total	24,670,629	22,563,627	18,735,927	15,809,204

Procuring Agency	Cumulative to February 29, 1944		
	Allocations	Obligations	Expenditures
War Department	5,420,919	5,160,771	4,720,742
Navy Department	3,478,840	2,664,341	2,079,874
Maritime Commission and War Shipping Admin.	2,919,937	2,403,109	2,402,786
Treasury Department	4,636,289	3,345,686	2,599,055
Department of Agriculture	6,084,467	5,141,256	3,989,726
Other	23,175	20,764	17,021
Total	22,563,627	18,735,927	15,809,204

STATEMENT OF LEND-LEASE AID

Report as of Feb. 29, 1944

(Thousands of Dollars)

Type of Aid	Cumulative to		Month of	
	Feb. 29, 1944	Jan. 31, 1944	February	January
Goods Transferred	19,774,319	18,650,262	1,124,057	1,213,820
Servicing, Repair of Ships, etc.	432,903	424,337	8,566	16,969
Rental of Ships, Ferrying of Aircraft, etc.	1,683,657	1,476,518	207,139	25,820
Production Facilities in U. S.	613,541	604,993	8,548	- 65
Miscellaneous Expenses	90,832	88,639	2,193	2,070
Total Services	2,820,933	2,594,487	226,446	44,794
Total Goods and Services	22,595,252	21,244,749	1,350,503	1,258,614

Data on Goods Transferred include value of goods procured from lend-lease appropriations to the President and to the War and Navy Departments.

Type of Aid	Cumulative to February 29, 1944				
	Br. Empire	China	U.S.S.R.	Other	Total
Goods Transferred	15,018,300	189,424	4,150,223	416,372	19,774,319
Servicing, Repair of Ships, etc.	296,054	1,884	73,265	61,700	432,903
Rental of Ships Ferrying of Aircraft, etc.	1,294,439	13,157	204,170	171,891	1,683,657
Production Facilities in U. S.	-	-	-	-	613,541
Miscellaneous Expenses	52,106	1,199	2,470	35,057	90,832
Total Goods and Services	-	-	-	-	22,595,252

LEND-LEASE GOODS TRANSFERRED

Report as of Feb. 29, 1944

(Thousands of Dollars)

	Cumulative to February 29, 1944				
	Br. Empire	China	U.S.S.R.	Other	Total
Ordnance (Excl. Ammunition)	639,071	15,638	222,811	18,440	895,960
Ammunition and Components	1,328,990	22,204	378,648	27,991	1,757,833
Aircraft	1,648,823	65,468	676,897	97,677	2,488,865
Aircraft Engines, Parts, etc.	1,228,140	24,457	210,859	23,074	1,486,530
Tanks and Parts	1,752,275	923	380,219	33,240	2,166,657
Motor Vehicles and Parts	474,392	25,545	503,897	18,403	1,022,237
Watercraft and Parts	2,109,962	4,247	170,909	82,780	2,367,898
Foods	1,908,017	42	435,124	16,807	2,359,990
Other Agric. Products	455,006	41	3,793	69	458,909
Machinery	549,310	5,031	389,274	7,895	951,510
Metals	765,846	11,140	304,396	19,486	1,100,868
Petroleum Products	771,399	2,571	42,593	293	816,856
Miscellaneous Materials and Manufactures	1,387,069	12,117	430,803	70,217	1,900,206
Total	15,018,300	189,424	4,150,223	416,372	19,774,319

April 3, 1944

MEMORANDUM FOR THE FILES

Mr. Pasvolsky of State Department telephoned me Saturday evening to say that he and Dean Acheson and Collado had seen Secretary Hull re the monetary conference and that Secretary Hull agreed to recommend that the conference be held this year. Secretary Hull said that he had planned to see the President Monday and that he would mention it to the President. Mr. Pasvolsky said that Secretary Hull would like to have Secretary Morgenthau go along with him. I said that I would get in touch with Secretary Morgenthau and transmit that message to him.

I telephoned Secretary Morgenthau and told him what had happened at the meeting on Saturday in Acheson's office and about the telephone call of Mr. Pasvolsky. The Secretary thought the invitation that he see the President with Hull was too vague. He said he was reluctant to go with Hull unless Hull himself called up and invited him to go with him. Hull could reach him on the telephone easily. I said I would find out what I could and would call him back only if some action were required on his part. I then spoke to Dean Acheson and got a slightly different version of the meeting with Secretary Hull. Acheson said that Hull agreed to recommend that a monetary conference be called but Secretary Hull indicated that he would prefer to leave to the President the setting of the date which it would be held, but he did definitely agree that the monetary conference should be called. In answer to my specific question, Dean said that Hull had planned to see the President alone but that he (Acheson) had urged that it would be better if Morgenthau could go along with him, whereupon Hull agreed that would be perfectly all right with him; that he was ready to see the President alone or with Morgenthau, or handle it in any way that Morgenthau would want. Acheson thought that it would be highly desirable for them both to see the President together. Acheson wasn't certain whether Secretary Hull had a definite appointment for Monday or whether it was a tentative appointment but he said there was no doubt that Hull would see the President before he left as he had other matters to take up with him.

Collado then telephoned, giving me a version of the meeting closer to Dean Acheson's than to Pasvolsky's but he added that Secretary Hull was very interested in a monetary conference. Collado added that he (Collado) was very glad that a decision was made and that we had come over to the meeting Saturday because he had been urging the necessity for calling a formal monetary conference for the past month over in the State Department but hadn't been getting very far.

- 2 -

I explained to him that the message re the visit to the President was not specific enough and if Secretary Hull wanted Secretary Morgenthau to go with him Hull might prefer to communicate with Morgenthau directly.

On Sunday morning the Secretary called me and wanted to know what, if anything, had happened. I briefly described the telephone conversations I had had with Acheson and Collado. The Secretary said that apparently he was right in the view that if Hull wanted him he could get in touch with him directly. He said that he (Morgenthau) had a request in to see the President and the President would unquestionably see him. He said he would see the President before the President went away. He said, "Don't worry. I haven't let you down yet, have I?" He said, "I have it very much in mind and I promise you that I will see the President before he goes." He asked me to alter the memorandum for the President re the proposed meeting and get Hull to sign it, and he would sign it when he came back and present the memorandum to the President.

Secretary Morgenthau telephoned me again at 9:30 a.m. today to say that he had telephoned Secretary Hull at twenty minutes of nine at his home. He asked Secretary Hull where he stood on a monetary conference. Secretary Hull replied that he favored calling one since he felt its chances for success were greater than its chances for failure. The Secretary asked him whether he wouldn't mention that when he saw the President. Secretary Hull replied that he would. Secretary Hull asked Secretary Morgenthau whether he, Morgenthau, had an appointment with the President. Secretary Morgenthau said he had had a request in for almost a week and had no definite date yet. Secretary Hull said that was exactly the situation with him too. I asked the Secretary whether he still wanted me to send the memorandum over for Hull's signature and he replied "Yes."

H. D. White

April 3, 1944

At 20 minutes of 9 this morning I called Secretary Hull and asked him how he felt about calling the world monetary conference and after I pressed him a little bit he said he was favorable to calling it and he thought the chances for success were greater than being a failure. I asked him if and when he saw the President would he mention to him that he was in favor of calling it and he said he would, but that he had no appointment yet to see the President.

Treasury Department
Division of Monetary Research

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Y

Date April 3, 1944
4:45

To: Note for the Files:

Mr. Collado, of State, phoned me; advised that Secretary Hull went to the White House and took the original of this memorandum, unsigned. He left it with the President, who said he was going to talk to Secretary Morgenthau tomorrow. Mr. Collado said Secretary Hull put a plug in for it.

H.D.W.

MR. WHITE
Branch 2058 - Room 214½

Treasury Department
Division of Monetary Research

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Date.....19

To:

April 3, 1944 - Mr. Collado advised Secretary Hull took the original to the President, unsigned.

MR. WHITE
Branch 2058 - Room 214½

MEMORANDUM FOR THE PRESIDENT

1. In accordance with your memorandum of May 16, 1942, the proposals for an International Stabilization Fund and a Bank for Reconstruction and Development, which I submitted to you, have been under constant study by the staffs of the Treasury, the State Department, the Commerce Department, the Federal Reserve Board and the Foreign Economic Administration. After consulting the heads of the interested agencies and with the approval of Secretary Hull, I wrote to the Ministers of Finance of other countries calling their attention to these draft proposals and inviting them to send technical experts to Washington to discuss these tentative proposals.

For the past ten months the technical representatives of the Treasury and other agencies, have been discussing these proposals with the technical experts of more than 30 countries, including the United Kingdom, the Soviet Union and the Republic of China. We have not heard finally from the experts of the United Kingdom, but we have reason to believe that they are in agreement with our views and will give us a definite reply next week. Discussions with the experts of the Soviet Union are now in progress and we expect to know shortly whether they, too, are in agreement.

2. If the technical representatives of the United Kingdom and the Soviet Union inform us finally of their agreement on the proposals developed during the past year's discussions, a joint statement of the experts of the United and Associated Nations will be issued recommending the establishment of an international monetary fund and setting forth the principles which should be the basis for this fund. This statement (a preliminary draft of which is attached) would represent the views of the technical experts and not necessarily of the Governments. The Governments will not be asked to approve the proposals until they have been embodied in the form of definite proposals by the delegates of the United and Associated Nations meeting in a formal

- 2 -

conference and adopted by the conference. The proposed institutions would not be established unless most of the United Nations give their approval to the resolutions adopted by the formal conference.

3. Last November, I promised to appear before the appropriate committees of the Senate and the House, with whom I have previously discussed these tentative proposals, to inform them of the progress that has been made in the preliminary technical discussions. I should appear before them within the next few weeks to bring them up to date on the progress of the discussions.

4. If the United Kingdom and the Soviet Union soon indicate the acceptance of the principles by their technicians there would be time to hold a formal monetary conference before the summer.

Secretary Hull agrees that the monetary conference should be held this year.

We would like to have your approval to have invitations sent to the Ministers of Finance of the United Nations to come to this country to a formal monetary conference to be held as soon as possible this year.

HDW:EMB;gsa
4/3/44

February, 1944

PRELIMINARY DRAFT

Joint Statement by Experts of the United and Associated Nations
on the Establishment of an International Monetary Fund

Sufficient discussion of the problems of international monetary cooperation has taken place at the technical level to justify a statement of principles. It is the consensus of the experts of the United and Associated Nations who have participated in these discussions that the most practical method of assuring international monetary cooperation is through the establishment of an International Monetary Fund. They have set forth below the principles which they believe should be the basis for this Fund. Governments are not asked to give final approval to these principles until they have been embodied in the form of definite proposals by the delegates of the United and Associated Nations meeting in a formal conference.

1. Preamble

The International Monetary Fund is designed as a permanent institution for international monetary cooperation. The Fund is intended to facilitate the balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment. The Fund is expected to provide the machinery for consultation on international monetary problems. The resources of the Fund would be available under adequate safeguards to help member countries to maintain exchange stability while giving them time to correct maladjustments in their balance of payments without resorting to measures destructive to national or international prosperity.

2. Purposes of the Fund

- (1) To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.
- (2) To assure multilateral payments facilities on current transactions among member countries and to help eliminate foreign exchange restrictions that hamper the growth of world trade.
- (3) To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.
- (4) To give confidence to member countries by the provision of actual and potential support for the attainment of these purposes.

3. Subscription to the Fund

(1) Member countries shall subscribe in gold and in their local funds the amounts (quotas) determined by a formula to be agreed, which will amount altogether to about \$8 billion if all the United and Associated Nations subscribe to the Fund (corresponding to about \$10 billion for the world as a whole).

(2) The obligatory gold subscription of a member country shall be fixed at 25 percent of its subscription (quota) or 10 percent of its holdings of gold and gold-convertible exchange whichever is smaller.

4. Transactions with the Fund

(1) Member countries shall deal with the Fund only through their Treasury, Central Bank, Stabilization Fund or other fiscal agencies. The Fund's account in a member's currency shall be kept at the Central Bank of the member country.

(2) A member shall be entitled to buy another member's currency from the Fund in exchange for its own currency provided that:

- (a) The member represents that the currency demanded is presently needed for making payments in that currency which are consistent with the purposes of the Fund.
- (b) The Fund has not given notice that its holdings of the currency demanded have become scarce in which case the provisions of 7 below come into force.
- (c) The Fund's total holdings of the currency offered have not increased by more than 25 percent of the member's quota during the previous twelve months, and do not exceed 200 percent of the quota.
- (d) The Fund has not previously given appropriate notice that the member is suspended from making further use of the Fund's resources on the ground that it is making use of them in a manner contrary to the purposes and policy of the Fund.
- (e) The Fund may in its discretion and on conditions which safeguard its interests waive any of the conditions above.

(3) Subject to (4) below, the operations on the Fund's account will be limited to transactions for the purpose of supplying a member country, on the member's initiative and subject to the provisions of (2) above, with another member's currency in exchange for its own currency or for gold.

4- (4) The Fund will be entitled at its option with a view to preventing a particular member's currency from becoming scarce:

- (a) To borrow its currency from a member country;
- (b) To offer gold to a member country in exchange for its currency.

(5) So long as a member country is entitled to buy another member's currency from the Fund in exchange for its own currency, it shall be prepared to buy its own currency from that member with that member's currency or with gold. This shall not apply to currency subject to restrictions in conformity with 10(3) below or to holdings of currency which have accumulated as a result of transactions of a current account nature effected before the removal by the member country of restrictions on multilateral clearing maintained or imposed under 11(2) below.

(6) A member country desiring to obtain directly or indirectly the currency of another member country for gold is expected, provided that it can do so with equal advantage, to acquire the currency by the sale of gold to the Fund. This shall not preclude the sale of newly-mined gold by a gold-producing country on any market.

(7) A member country may repurchase from the Fund for gold any part of the latter's holdings of its currency.

(8) So long as a member's holdings of gold and gold-convertible exchange exceed its quota, the Fund in selling foreign exchange to that country shall require that one-half of the net sales of such exchange during the Fund's financial year be paid for with gold.

If at the end of the Fund's financial year a member's holdings of gold and gold-convertible exchange have increased, the Fund may require up to one-half of the increase to be used to repurchase part of the Fund's holdings of its currency so long as this does not reduce the Fund's holdings of a country's currency below 75 percent of its quota or the member's holdings of gold and gold-convertible exchange below its quota.

5. Par Values of Member Currencies

(1) The par value of a member's currency shall be agreed with the Fund when it is admitted to membership and shall be expressed in terms of gold. All transactions between the Fund and members shall be at par subject to a fixed charge payable by the member making application to the Fund; and all transactions in member currencies shall be at rates within an agreed percentage of parity.

5-(2) Subject to (5) below no change in the par value of a member's currency shall be made by the Fund without the country's approval. Member countries agree not to propose a change of parity of their currency unless they consider it appropriate to correct a fundamental disequilibrium. Changes shall be made only with the approval of the Fund subject to the provisions below.

(3) The Fund shall approve a requested change in the par value of a member's currency if it is essential to correct a fundamental disequilibrium. In particular, the Fund shall not reject a requested change necessary to restore equilibrium because of domestic social or political policies of the country applying for a change. In considering a requested change, the Fund shall take into consideration the extreme uncertainties prevailing at the time the parities of the currencies of the member countries were initially agreed upon.

(4) After consulting the Fund a member country may change the established parity of its currency provided the proposed change inclusive of any previous change since the establishment of the Fund does not exceed 10 percent. In the case of application for a further change not covered by the above and not exceeding 10 percent, the Fund shall give its decision within two days of receiving the application if the applicant so requests.

(5) Provision shall be made for an agreed uniform change of the gold value of currencies. Notwithstanding 8(3) below such a change shall require the approval of all member countries with 10 percent or more of the aggregate quotas.

6. Capital Transactions

(1) A member country may not use the Fund's resources to meet a large or sustained outflow of capital and the Fund may require a member country to exercise control to prevent such use of the resources of the Fund. This provision is not intended to prevent the use of the Fund's resources for capital transactions of reasonable amount required for the expansion of exports or in the ordinary course of trade, banking and other business. Nor is it intended to prevent capital movements which are met out of a member country's own resources of gold and foreign exchange, provided such capital movements are in accordance with the purposes of the Fund.

(2) Subject to 7 below a member country may not use its control of capital movements to restrict payments for current transactions or to delay unduly the transfer of funds in settlement of commitments.

7. Apportionment of Scarce Currencies

(1) When it becomes evident to the Fund that the demand for a member country's currency may soon exhaust the Fund's holdings of that currency, the Fund shall so inform member countries and propose an equitable method of apportioning the scarce currency. When a currency is thus declared scarce, the Fund shall issue a report embodying the causes of the scarcity and containing recommendations designed to bring it to an end.

(2) A decision by the Fund to apportion a scarce currency shall operate as an authorization to a member country, after consultation with the Fund, temporarily to restrict the freedom of exchange operations in the affected currency and in determining the manner of restricting the demand and rationing the limited supply amongst its nationals, the member country shall have complete jurisdiction.

8. Management

(1) The Fund shall be managed by a Board of Directors and Executive Committee representing the members.

(2) The distribution of basic voting power shall be closely related to the quotas, but no member shall be entitled to cast more than one-fifth of the aggregate votes.

(3) All matters shall be settled by a majority except that a change in the basis for determining the quotas shall require a four-fifths vote and no member's quota may be changed without its assent.

9. Withdrawal

(1) A member country may withdraw from the Fund by giving notice in writing.

(2) The reciprocal obligations of the Fund and the country are to be liquidated within a reasonable time.

(3) After a member country has given notice in writing of its withdrawal from the Fund, the Fund may not dispose of its holdings of the country's currency except in accordance with arrangements made under (2) above. After a country has given notice of withdrawal its right to utilize the resources of the Fund is subject to the approval of the Fund.

10. The Obligations of Member Countries

(1) Not to buy gold at a price above the parity of its currency nor to sell gold at a price below the parity of its currency.

- 6 -

10-(2) Not to allow exchange transactions in its market in currencies of other members at rates outside a prescribed range based on the agreed parities.

(3) Not to impose restrictions on payments for current international transactions with other member countries (other than those involving capital transfers or in accordance with 7 above) or to engage in any discriminatory currency arrangements or multiple currency practices without the approval of the Fund.

11. Transitional Arrangements

(1) Since the Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of the war, the agreement of a member country to provisions 4(5) and 10(3) above shall not become operative until it is satisfied as to the arrangements at its disposal to facilitate the settlement of the balance of payments differences during the early post-war transition period by means which will not unduly encumber its facilities with the Fund.

(2) During this transition period member countries may maintain and adapt to changing circumstances exchange regulations of the character which have been in operation during the war, but they shall undertake to withdraw as soon as possible by progressive stages any restrictions which impede multilateral clearing on current account. In their exchange policy they shall pay continuous regard to the principles and objectives of the Fund; and they shall take all possible measures to develop commercial and financial relations with other member countries which will facilitate international payments and the maintenance of exchange stability.

(3) The Fund may make representations to any member that conditions are favorable to withdraw particular restrictions or for the general abandonment of restrictions inconsistent with 10(3) above. Not later than three years from the coming into force of the Fund any member still retaining any restrictions inconsistent with 10(3) shall consult the Fund as to their further retention.

(4) In its relations with member countries the Fund shall recognize that the transition period is one of change and adjustment and in deciding on requests presented by members it shall give the member country the benefit of any reasonable doubt.

As it was retyped and sent to the President
on April 3, 1944 -

THE WHITE HOUSE
WASHINGTON*File*

Dear Madame Chiang:

I am glad to receive your letter of February 17, 1944. I appreciate your visiting the several air centers where American troops are stationed and, of course, I am very pleased to learn of the progress being made.

With regard to the magnitude and scope of American army operations in China, I feel that this is primarily a military matter which is to be settled among the military leaders concerned. General Stilwell, as my representative, will, I am sure, be able to work out with the Generalissimo, as soldier to soldier, a solution to the problem. In the discussions between them, I am sure that due consideration will be given to the ability of China's economy to support any contemplated military program.

I am informed that during the last month progress has been made in the discussions on the question of providing the local currency for American military operations in China, and we are looking forward to an agreement being reached on this matter in the very near future.

With regard to the other matters raised in your letter, I am giving them the most careful consideration.

Please be assured that the American people continue to have the deepest sympathy with the desire of the Chinese people for liberty and liberation and will continue to do all possible to help them achieve these aims in the shortest possible time.

Sincerely yours,

Madame Chiang Kai-shek,
Headquarters of the Generalissimo,
Chungking, China.

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Please be assured that the American people continue to have the deepest sympathy with the desire of the Chinese people for liberty and liberation and will continue to do all possible to help them achieve these aims in the shortest possible time.

Sincerely yours,

Madame Chiang Kai-shek,
Headquarters of the Generalissimo,
Chungking, China.

HDW/ISF/efs 3/29/44

FILE COPY

THE WHITE HOUSE
WASHINGTON

March 16, 1944.

PERSONAL

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY:

To tell me what you suggest.

F.D.R.

HEADQUARTERS OF THE GENERALISSIMO
CHINA

Personal

Kweilin, Kwangsi
February 17, 1944

Dear Mr. President,

The Generalissimo and I have just completed an inspection tour of the Hunan front and are now on our way home. The Generalissimo held a five day conference with the military commanders of this area in spite of the fact that the "Island Dwarfs" bombed our vicinity every night.

On this trip I visited several of the air centers where American troops are stationed. I took every opportunity to talk to your boys and to assure them of the importance of the task with which they are grappling, and the concern which you personally feel for their welfare. Some of these boys were rather lonely, for they had been out here for over two years; and, as the ground crew does not see action except when enemy planes are directly overhead, naturally they wonder whether what they are doing is worth anything at all. It is difficult to keep on working when one doesn't see concrete and tangible results of one's work.

But the air force at Hengyang, for instance, has a remarkable record, and in spite of the paucity of planes and equipment during the past two years they have shot down 140 planes. The officer in charge, however, told me that the new Japanese planes--the Tojos--are so superior to the P-40's that unless he gets new equipment very soon he will have to pull out of that area just as he had to pull out from the Lingling area a short time ago. These boys are doing fine work; and so I hope that somehow new equipment will be gotten to them.

Here in Kweilin there are several thousand men of the 14th Air Force. The Chinese-American Composite Wing is also stationed here and from every source I learned that the co-operation between our air forces is excellent. There is one squadron in the Composite

ing now being entirely manned by Chinese pilots and ground crew. The American commanding officer is full of praise not only for this squadron but also for the squadrons with mixed crews.

The Generalissimo and I had occasion to talk to the men of the infantry training center also located at Kweilin. You will be happy to hear that everything is going along beautifully and that the commanding officer, General Branch, tells me that he has no complaints of any sort whatever. Probably you know that this center trains one thousand officers every four weeks. These officers are selected from armies in active service. They go through a course of training with American officers. Upon the completion of their training they, with the American officers, are sent back to the army group and there they establish schools to train other officers. Unlike the air force, the results are tangible and visible, and as a result, everybody's spirit is high. This is the third group in training since the school started in November. As time goes on, the cumulative effects of this system of training will reach unforeseen consummation. The only suggestion that the Generalissimo had to make was that a part of the artillery equipment in the Yunnan school should be brought to Kweilin so that there could be training in co-operation between the infantry and the artillery.

Dr. Kung is still in consultation with Ambassador Gaus and Mr. Acheson regarding the financial arrangement between the American troops and the Chinese Government. It seems that the amount needed by the American military in China is of such an astronomical figure when translated into Chinese Yuan that China's economy cannot withstand the strain and is imminently threatened by collapse, for the more paper money is in circulation, the greater the inflation with its attendant evils. Both the Generalissimo and Dr. Kung are studying this question, but it seems that the conditions advanced by the Treasury Department as through Mr. Acheson will affect China's ability to continue resistance to such an extent that there is no way to comply to them. The Generalissimo is very much worried, for he realizes so well the difficulties you are facing, and he would so like to lighten your burden, but so far there seems to be no solution.

Dr. Kung would like very much to go to America in response to your invitation but both he and the Generalissimo feel that unless there is tangible possibility of a loan the disappointment of our people will be such that it would unfavorably affect the

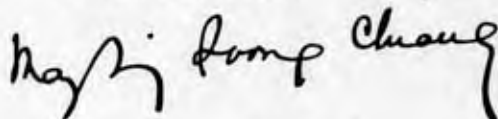
3.

fighting morale of the whole nation. The Generalissimo, therefore, would greatly appreciate your sending to China a representative empowered with full authority to consult with our Government methods for the solving of China's critical economic and financial problems as suggested in one of your messages. Such a person would be greatly welcomed.

Harassed as we are by the difficulties of our continued resistance, the Generalissimo and I take comfort in the fact that America and you are our friends who would do everything possible to help us fight to victory.

With all good wishes,

Yours sincerely,



(Madame Chiang Kai-shek)

President Franklin D. Roosevelt
The White House
Washington, D. C.

Received 11/2/44 *[Signature]*

COPI

Strictly Confidential
Letter IX

C/O U. S. Embassy,
Chungking, China.

Dear Irving,

I got back from Kunning too late to catch last week's pouch and therefore am somewhat in arrears. There have been no striking developments such as the press conference reported in my last letter. I have the subjectively irritating feeling that something is going to happen fairly soon but what and when I cannot say with any precision, and this feeling is shared by many other Americans.

As you know the inflation is gathering pace, the financial negotiations with the Army and State have bogged down, and Stilwell who is due here soon is in a riproaring rage because of the inactivity of 13 Chinese divisions on the Salween front in Yunnan who were supposed to move to the offensive to synchronize with the push up the Ledo Road. The Generalissimo apparently is cracking down on Kung to be tough with us in the financial negotiations, so all in all what with military and financial complications - not to mention latent political issues - Sino-American relations cannot be said to be exactly happy. None of us can tell what the upshot is going to be because no one here knows—I shall not say with certainty but with reasonable confidence—what the official line in Washington is. Which gets us back to the old story; wanted, badly wanted in fact, coordination of our China policy back home.

To descend to a lower level. The ostensible reason for Kung's trip to Kunning was to do something about the black market, and to make this appear the more plausible he invited Ted Acheson, Arthur Young and myself to accompany him. Actually while on his return he was very critical of the gold and US currency market situation in Kunning, he did not do anything about it nor does he intend to in the near future for the simple reason that the Provincial Govt. gang is in the picture and the Central Govt. does not feel strong enough to crack down on them at this time.

The Governor's crowd is making hay while the sun shines though it overplayed its

hand on gold by buying on top of the market, though I am afraid they will probably get a chance to avoid having to take losses when gold rises again. No, the real reasons for Kung's visit were:

- a. The row between the Generalissimo and Madame which according to most informed people was due to the Generalissimo's installing a concubine on the south bank. Apparently Madame Chiang's admiration for the ancient Chinese virtues of which both she and the Generalissimo prate does not include tolerance of a party of the third part. The quarrel apparently was quite serious and she went off in a huff to Kwanlung with Madame Kung. It was Kung's function to patch up matters and bring her back. He succeeded in bringing her back but whether he patched up matters is a different question. The gravity of the family quarrel is perhaps attested to by the fact that the whole Soong family, except Madame Sun who is the family outsider anyhow, accompanied Kung to Kwanlung, including T. V. who at the moment seems to have moderately friendly relations with Kung.

- b. The need to take up Central Government-Yunnan relations on the spot and particularly to induce Governor Lung to withdraw the objections he had last year to Kung's being appointed head of the Executive Yuan, in which I understand he succeeded. It does not take a big stretch of the imagination to guess that this consideration must have cramped Kung's style with respect to such practices as putting old provincial currency into circulation in order to acquire US\$ and gold (Did you know that US\$ are called gold by almost everyone including American soldiers in China? Anachronisms sometimes die hard.) without cost, which I reported in my cable on my peregrinations.

- 3 -

The trip, it goes without saying, was a most pleasant change in every way. Chungking wears one down and getting away once every few months helps a lot. Fortunately I have been able to do so since last August; I do hope that Treasury business will enable me to keep on doing so, and am in fact banking on our interest in the Indian gold and silver markets requiring me to revisit India's coral strand in the not too distant future, as crossing the justly celebrated hump is not so arduous during the next few months. The economic highlights of Kunming and Kweilin were given in my cable. Kunming is a thoroughly disgusting town; Kwag admitted in a confidential speech to a small group in Chungking that the extremes of wealth and poverty he found there were not exactly conducive to political stability. The inflation - or should I say hyperinflation? - is having a demoralising influence which has even spread to the American Army. Thus theft has become increasingly common owing to the enormous temptations arising from fantastic prices; the Chinese employees of the Army when caught are turned over to the Chinese authorities who first practise the ancient torture of hanging by the thumbs on the victims and then shooting them; the cases of theft occurring in the American Army are punished by severe prison sentences in Leavenworth. The Governor's 3rd son makes a hobby of collecting stray jeeps - the price of a jeep in Kunming now is C\$700,000. Recently someone stole a jeep from our Consulate by adopting a most original device - he locked the compound from the outside and then drove away in style. But the demoralisation does not only manifest itself in the form of theft; to give but one example a colonel at the hostel we were staying at who had only arrived in China on that very day asked us what were the best ways of making dough in China. He was in deadly earnest and prefaced his remarks with the statement that from what he gathered "China was one of the most admirable places in the world in which to make money nowadays." A fairly common practice among Army people is

- 4 -

to sell US\$ at the going rate and buy savings certificates from the original Chinese purchasers at CN\$130-140 per US\$, which yields them a profit of around 70%. Kweilin is a much pleasanter town both physically and otherwise. The political situation in Kwangsi is somewhat peculiar. While the Kwangsi clique is restive it lacks the troops to be able to afford the relative degree of independence enjoyed by Governor Lung in Yunnan. It flatters itself that it is an independent force but that is not actually the case, and Pai Chung-hai and Li Tsung-ren are no longer names to conjure with in Chinese national politics, though they still have their fingers in local rackets. The Central Government is by no means strong in spite of the weakness of the Kwangsi clique, as it also has no troops there. In this sense Kwangsi is a vacuum, and the only obstacle to the Japanese seizing the whole of the Canton-Hankow railroad and marching into Kweilin is the 14th Air Force. In fact many American military and political observers believe that the Japanese will attempt to do just that as they are driven back from their outer lines in the Pacific and that it will be touch and go unless the Central Government sends troops in, which it has refused to do so far. Our Army receives little cooperation either from the local or Central Government authorities in Kwangsi. En pass ant it is worth mentioning that the Kwangsi clique gets CN\$200 million a year from squeeze from the land tax which the Central Government knows about but has not yet prevented, that it has for all practical purposes put the non-Government banks out of business for the benefit of the Kwangsi Provincial Bank, that it eyes Central Government attempts to hern in on its preserves with extreme suspicion, and that it is envious of Governor Lung's crowd for the things they can get away with in Kunning, though it must be admitted that it is not as odious as the Yunnan clique.

- 5 -

Our Army S.O.S. relies on a group of middlemen who received their business training in Hong Kong, and who are much more interested in the commissions they can extract than in getting things done efficiently and cheaply, with the result that honest merchants are scared away from S.O.S. business. Incidentally many of the contractors in Kunning, Kweilin, and Chengtu are family and personal connections of the Minister of Communications; in Chengtu also honest contractors shy away from doing business with the American Army, but I have written at length on the subject of our Army's method of doing business both in my last letter and in the cable I got off today.

I forgot to mention that the Government banks are actively engaged in the hoarding of commodities in Kweilin; one spicy story runs to the effect that a Central Government bank examiner sent down to see that Government banks kept away from commodities got into the same business.

The Japs honored us with an air raid during our visit to Kweilin; we were routed out of bed at 2 a.m. and did not get back to sleep until 5 a.m. By the way I saw your old colleague Chen Han-seng in Kweilin. He stands very high with the American community there, and is not much changed from his Hong Kong days.

Am enclosing some overdue Board reports which have only a historical significance if any. Would you mind repeating to Mikesell my request that he send me information on gold-selling in the Middle East? One never knows - it might become pertinent here if the Chinese Government summons up enough courage to embark on an active gold-selling policy. I don't know what arrangements are being made about my per diems, but in the meantime could you see to it that my salary is paid into my account in the Riggs? Many thanks.

- 6 -

Am also enclosing a report on the Border areas on which I comment in my letter to Dr. White. Dr. White's reaction to the memo on Chiang was very flattering to me; he might be interested to learn that I did participate in it to the extent of having a couple of conversations with its author before he wrote it and suggesting revisions of the first draft.

Do you see the I.P.R. crowd nowadays? If you do, you might inform them that they have completely baffled decent people here by appointing Wallington Liu to the Secretariat of the forthcoming I.P.R. Conference and by allotting him US\$10,000 for research? For some reason or other they don't want to believe what is common knowledge here, namely that Liu is a pretty highly placed member of Tai Li's outfit. I had a talk with Holland on the subject last summer and he seemed to require written evidence to establish Liu's membership in the Secret Service. Since then I have received further evidence - not written but satisfactory to anyone but an ostrich - that such is the case. Of course he will be very well placed from his point of view in the I.P.R. Secretariat.

Shall be very interested to learn of the further progress in the monetary negotiations, and am looking forward to receiving your comments on the home front.

The only other item worthy of mention is that the highest class in the Central Training Institute has gotten into the habit of hooting its professors, including I. C. Koo, C. C. Chien, and other mucky wucks. Apparently it all started when Sun Fo gave a critical talk on the constitutional draft which displeased the Generalissimo mightily. Accordingly he gave instructions to the class to heckle any speaker who said anything not in accordance with official doctrine. The next speaker happened to be I. C. Koo who put his feet in it by pointing out that it was much easier to get eggs in China than in England, whereupon the class started shouting: "We never see any eggs". C. C. Chien was hooted for talking down to the class. An eminent

- 7 -

professor of economics got into trouble through his interpretations of Smith, Ricardo et al. When the Generalissime asked him what interpretation he had given, he replied that he had followed the path laid down in the Generalissime's publications on Chinese economics, my name on which you doubtless saw. Another lecturer got into trouble by throwing textbook stuff at the class many members of which are leading authorities in their respective fields. All in all the lecturers have a thankless job steering between the Scylla of official doctrine and the Charybdis of safe platitudes.

What has been the reaction in Washington to the New Republic editorial of March 13 on China. I happened to see it at the Embassy to which it was cabled out. Does it reflect the prevailing attitude? Or is it yet another example of the voice crying in the wilderness?

With best wishes, etc.,

Yours sincerely,

(signed) Sol Adler

P.S. I wonder if you have heard that Hornbeck has been relegated to post-war planning.

Sino-Russian relations have taken another turn for the worse if that were possible. The Chinese claim that Russian planes from Soviet Kazakhstan bombed Sinkiang provincial troops who were engaged in the harmless exercise of putting down a Kazak uprising in Northern Sinkiang and are trying to get us interested. The Russian Consul-General/ⁱⁿ Tientsin denied the story and there the matter rests for the moment.

Mr. Pehle feels that no further answer from Secy is necessary, but that Secy should see Mr. Stimson's letter.

(Secy Stimson and Mr. Pehle have discussed the matter. The memo referred to by Secy Stimson is being revised.)

26

April 3, 1944.

My dear Mr. Secretary:

In the absence of the Secretary,
I am acknowledging your letter of March 31,
which transmitted a copy of a letter you
have recently sent to Mr. Pehle. You may
be sure your letter and its enclosure will
be brought to Mr. Morgenthau's attention
immediately upon his return to the office.

Sincerely yours,

(Signed) H. S. Klotz**H. S. Klotz,
Private Secretary.****Honorable Henry L. Stimson,
Secretary of War,
Washington, D. C.**

GEF/dbs

WAR DEPARTMENT
WASHINGTON

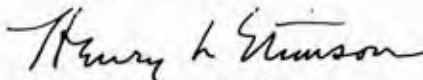
March 31, 1944.

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

Dear Mr. Morgenthau:

Mr. Pehle has presented me with a proposed memorandum for the President about which I have written him, setting out certain considerations which I did not think were adequately treated in his draft. I enclose herewith a copy of my letter to him.

Very sincerely yours,



Secretary of War.

March 31, 1944.

Mr. John W. Pehle,
War Refugee Board,
Washington, D. C.

Dear Mr. Pehle:

I have examined your proposal enclosed to me in your letter of March 29th and I feel that it inadequately presents the positions that I took at the meeting of the Board.

The principal objection which I had to the proposal to bring these refugees into the United States was my fear that the proposal would be considered so at variance with the policy of our immigration laws that the President should not undertake it without conferring with and obtaining the consent of Congress. The reasons were as follows:

Our present immigration laws were the result of a very deeply held feeling of our people that the future immigration of racial stocks should be so limited as to coincide with the existing ratio of such stocks already within the country. Furthermore these laws were adopted at the close of the last war by overwhelming majorities of our Congress for the purpose of preventing the entrance into this country of large blocks of immigrants who were likely to come from the very countries in which most of the present refugees with whom we are concerned now originate.

-2-

Our people then showed that they strongly feared that an uncontrolled immigration from such countries would modify the proportion of ^{the racial} stocks already existing in our own population and would introduce into the United States many people who would with difficulty be assimilated into our own population and brought into conformity with our own institutions and traditions.

I fear that your proposal would meet with a similar reaction from our people today who would feel that it was merely the beginning of a permanent immigration. This would be accentuated if it was carried through by Executive authority alone and without the assent of Congress.

One of the considerations which faces us in attempting to obtain the consent of the European nations to take these people off our hands at the end of the war is that many of those countries are not now free to make valid commitments supported by responsible governments.

But even if the obtaining of such commitments were possible, I am informed that the mere introduction of these people today on such a scale and for humanitarian purposes alone would be contrary to existing American law. In this connection I am not at all clear that the war power of the President would be held to cover a transaction like this which has no direct connection with the prosecution of the war.

-3-

For these reasons I felt then and feel now that it would be unwise to advise the President to take such a step without the consent of Congress.

At our meeting at which this was discussed I think you stated your belief that it would be impossible to get the consent of Congress. On reflection I am not at all sure that you are right. If presented with the support of the overwhelming humanitarian reasons and with adequate safeguards for returning the refugees to their own countries, I am not at all sure that the measure could not be carried. If thus presented, the Congress would be able to take such precautions as it would deem necessary and would be consulted in regard to the financial responsibility which it is quite evident that this country must ultimately assume.

Very sincerely yours,

HENRY L. STIMSON

Secretary of War.

HLS:ECN

COPY

AMERICAN JEWISH CONGRESS - World Jewish Congress
330 West 42nd Street
New York City

April 3, 1944.

Hon. John W. Pehle
Assistant to the Secretary
Treasury Department
Washington, D. C.

Dear Mr. Pehle:

I understand that consideration is being given by the War Refugee Board to the suggestion that temporary refuge camps be established in this country to which some of the victims who are being rescued from Nazism may be sent for the duration of the war.

Both as a practical measure and as a token of America's readiness to aid these tragically situated men and women, it seems to me that the establishment of such camps as an emergency measure would be most desirable.

I should like you to know that the World Jewish Congress is prepared to cooperate in any way possible with the War Refugee Board so that these temporary asylums may, at the earliest possible moment, provide a refuge for our brothers who may yet be saved from the destructive fury of the Nazis.

Faithfully yours,

/s/ Stephen S. Wise

SSW:s

STEPHEN S. WISE

cc - Sec'y, Pehle, Friedman, Lesser, Luxford, Gaston, Bernstein, HWhite,
Paul, DuBois, Nodal and Files.

FOR ACKERMANN FROM WAR REFUGEE BOARD

This is WRB Cable to Algiers No. 3 . Please refer to your 1035 and 1036 of March 29, 1944. The Board concurs in your decision to send James J. Saxon to Italy to investigate the refugee situation. While there it is suggested that he make a thorough analysis of the pertinent aspects of the situation in so far as they affect the refugee problem in Italy itself, the problem created by reason of the Balkan situation, and other ramifications of the refugee problem, as for example the Corsican situation. We have read with great interest your various communications on this subject and feel that the matters concerning these areas which were discussed by you should be thoroughly investigated and reported upon. Upon the completion of Saxon's mission to Italy it is suggested that a detailed report be forwarded to this office by the most expeditious manner possible. At the time of receiving such report we will make whatever further arrangements are necessary.

Refer also to our No. 726 dated March 16, to Madrid repeated to Algiers for your information, and the reply of Ambassador Hayes thereto, numbered 974 of March 20, 1944, in which the Ambassador questioned the desirability of a full time WRB representative in Spain. It is our understanding that this reply was repeated to Algiers and if you have not already seen it it is requested that it be made available to you.

In the light of the Ambassador's reply, the designation of Saxon as War Refugee Board representative in Spain is being held in abeyance for the time being, affording him ample opportunity to complete his mission in Italy.

Your designation as War Refugee Board Representative for French Africa is hereby amended to constitute you the Special representative of the War Refugee Board for the Mediterranean Area. The purpose of this amendment is to enable you to deal with refugee problems affecting North Africa and Italy including those which also may necessitate action in connection with Corsica, Sardinia, Yugoslavia and similar areas. Pending definite word with respect to the designation of Saxon for Spain, he is also designated as this Board's representative to assist you in these matters, particularly as they relate to his mission described above.

April 3, 1944

4:55 p.m.

JHMurphy:dh 4/1/44

EMBASSY OF THE
UNITED STATES OF AMERICA

Buenos Aires, Argentina, April 3, 1944.

No. 14357

Subject: Reporting Visit of Delegation from the Argentine Jewish Associations to Express Their Appreciation for President Roosevelt's Statement Regarding Refugees.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to report that a delegation of Jewish leaders called at the Embassy on March 25 to express appreciation for the declaration made by President Roosevelt regarding refugees and, in particular, the President's references to Jewish refugees. The delegation was composed as follows: Dr. Moses Goldman, President of the Delegacion de Asociaciones Israelitas Argentinas, (D.A.I.A.), Sr. Leon Cayani, Member of the Board of Directors of the D.A.I.A., and Dr. Frank Hellman, Delegate of the World Jewish Congress.

The officer of the Embassy who received the delegation thanked them on my behalf and stated that their visit would be reported to the Department in order that it might be made known to President Roosevelt.

- 2 -

1/ Subsequently, there was received at the Embassy a copy of a telegram which the delegation sent directly to President Roosevelt in the same sense. Transmitted herewith is a copy of the message.

2/ As of possible interest there are also enclosed clippings from La Nacion and La Prensa of March 25, which will indicate the very favorable treatment accorded the President's statement in the news columns of these publications.

Respectfully yours,

(Signed) Norman Armour

Enclosures:

No. 1. Copy of telegram.

No. 2. Clippings from La Prensa and La Nacion of March 25.

File No.

ST:dkb

AMERICAN EMBASSY
near the
GOVERNMENT OF GREECE

No. 86

Cairo, Egypt
April 3, 1944

Subject: Measures for the rescue and relief
of the refugees of Europe

The Honorary
The Secretary of State
Washington

Sir:

With reference to my telegram no. 95 Greek, March 30 transmitting the text in translation of a declaration by Prime Minister Tsouderos soliciting the cooperation of the people of Greece in facilitating the escape and succor of Jewish refugees from Europe, I have the honor to enclose a copy of the original Greek text of that statement and to report that it was broadcast in Greek in the Greek Government's transmissions from the Cairo Broadcasting Station 1:15, 7:30 and 10:30 p.m. Cairo time on March 31. In addition, there is transmitted herewith a copy of an article from the Progres Egyptien of March 31, containing the text of the declaration as released by the office of War Information here, translated into French.

It may be remarked that when, in accordance with the Department's telegram no. 46 Greek, March 24, I called upon the Prime Minister and informed him of the motives underlying the President's declaration of March 24, and the desire of the War Refugee Board that similar statements be obtained from Allied Governments, Mr. Tsouderos expressed his deepest sympathy therewith and willingly agreed to issue a declaration in support of the President's views.

-2-

According to information received here, the Greek people have for some time been materially assisting in the escape of Jews to the Middle East via the existing underground channels and appreciation of their efforts in this regard has been expressed by the Jewish Community in Egypt as reported in my despatch no. 82 of March 27. Prime Minister Tsouderos' declaration constitutes an appeal for further endeavor in this direction.

Respectfully yours,

Lincoln MacVeagh

Enclosure:

Greek text of statement; (one copy);
Copy of article; (hctograph)

sent in original and hectograph to department;
file no. 848;
ME/es

April 8, 1944
11:55 a.m.

AMERICAN LEGATION, CAMBRIDGE

Reference your airgram A-6 February 24, 1944

A principal means of assisting in the rescue of victims of war oppression and persecution is to offer the neutral nations contiguous to enemy-controlled territory effective and concrete guarantees that such refugees will not in large numbers remain after the war. By this means such neutrals may be induced to receive at this crucial time increased numbers of refugees. Thus, the Governments of the United States, United Kingdom, Soviet Union, Luxembourg, Yugoslavia, Norway, Greece, Belgium, Poland, Czechoslovakia, and The Netherlands and the French Committee have already agreed that each of them will receive after the war its nationals who have fled to asylums in other countries and to assure such conditions in enemy countries as will permit the return thereto of all persons who have fled therefrom to refuge elsewhere. Obviously, however, it is probable that a number of refugees will not as a practical matter be able or willing for a variety of reasons to return to their former homes. Just how large this number will be is uncertain, but the neutral countries above referred to are aware of this probability and for this reason hesitate freely to admit refugees seeking asylum.

In an effort partially at least to solve this problem the Department has authorized American consular officers in Switzerland to issue up to 4,000 visas to refugee children of any nationality and regardless of stateless status arriving in Switzerland from France during the first six months of 1944. The Department has further stated its intention, within the limits of the quota law, to replace such visas as they expire until at least six months after the war. Similar provision is about to be made for the issuance of an additional 1,000 visas to refugee children escaping from France to Spain.

You are requested to advise appropriate officials of the Australian Government of the foregoing and to inquire whether the Australian government will take action parallel to our own. In this connection, you may wish to advise such officials that the War Refugee Board is gratified by the recent increase to an aggregate of 300, the number of refugee children that it has been announced Australia will receive.

In this connection, however, it is of interest that it was authoritatively reported here in December 1938 that the Australian government announced that it would receive 15,000 European refugees over a three year period. It is our understanding that approximately only 6500 refugees were received pursuant to that program. Accordingly, you are requested to inquire as to the present status of such program, and if the same is still operative, to approach appropriate

- 2 -

officials of the Australian government with the suggestion that that fact be made known to Switzerland, Spain and Turkey as an inducement to them to receive additional refugees. If you are informed that the program is no longer in operation, please approach appropriate officials of the Australian government in an effort to secure its revival.

The War Refugee Board has been approached in connection with a program to colonize European Jews in Northwestern Australia known as the Kimberley Project. We are advised that on March 31, 1943, E. J. Holloway, Australian Minister for Social Services and Health wrote with respect to this project: QUOTE The West Australian government had agreed and the Federal Government were giving favorable consideration to the project when the war put all projects, other than war, on one side. UNQUOTE The project appears also, from letters made available to the War Refugee Board, to have had the support as recently as a year ago of the Anglican Archbishop of Perth, the Presbyterian Moderator General, the Methodist President General, Roman Catholic Archbishop of Melbourne, and the Australasian Council of Trade Unions. Please make appropriate inquiries to determine whether anything is being done at the present time to further or to ascertain the feasibility of this project. On October 28, 1943, the War Refugee Board is informed, Prime Minister Curtin wrote concerning its QUOTE The whole question of immigration into Australia, particularly having regard to the conditions that will exist at the conclusion of hostilities is one that requires to be fully explored from all aspects. Plans are at present in progress to set up a Committee to study the various phases of the general problem and, until recommendations are made by that body, the Government is not in a position to formulate a definite policy. UNQUOTE. Please ascertain and advise the Department whether such a Committee has been constituted and, if so, whether it has made any study of the Kimberley project and its practicability.

The War Refugee Board is of the view that the mere knowledge that a concrete proposal such as the Kimberley project is receiving serious study by an Australian governmental committee on immigration matters might be some aid in further opening neutral borders to refugees from enemy-controlled territories and thus in saving the lives of many. It is with this thought in mind therefore that we suggest you make the inquiry above indicated. You may make this view of the War Refugee Board known in appropriate quarters if the occasion should arise and you deem it advisable to do so. Consideration is being given to the advisability of discussing the Kimberley project and other refugee problems with Prime Minister Curtin during his forthcoming visit to the United States. Please keep the Department advised.

You have requested clarification of work contemplated by the War Refugee Board and clarification of its connection with IGC and UNHRA.

UNHRA and IGC are both international in character, while the War Refugee Board is an organization of the United States set up to carry

- 3 -

out the policies of the United States Government. The War Refugee Board has been created for speedy action and is dedicated to measures to secure withdrawal of victims of oppression from enemy or enemy-occupied territory and where that is not possible, to measures to alleviate their condition. The War Refugee Board is prepared to render every assistance to both UNRRA and IGC in any projects they have undertaken or will undertake with the view to bring about the speedy rescue of victims of enemy oppression.

At the moment Sir Herbert Emerson and Patrick M. Malin are planning to come to the United States to discuss relationships.

ALaughlin: LSLesser:als 4/1/44

MP - 526

PLAIN
London
Dated April 3, 1944
Rec'd 5:33 p.m.

Secretary of State
Washington

2696, Third

Further to Foreign Office letter communicated
in Embassy's 1860, March seventh.

We have received one dated March thirtieth
stating:

"We have now heard from our Minister to the Holy See that the organization in Rome to whom the money was to be sent have gone back on the plan which they had accepted (the deposit of money in London for payment to them after the occupation of Rome by the Allies) and wish the money to be handed over in bank notes either at once or on the Allied occupation. In the meantime they have been informed by our Minister that no money can be remitted and that it is up to them to sell the credit in London for what terms they can get in Rome. Meanwhile, the organization state that the sum of \$20,000 is quite inadequate, that they are in debt to the tune of two million lire and that their running expenses are over one million lire a month. The Sterling equivalent of the \$20,000 is at present in our possession and we have asked our Minister to the Holy See in whose name and where the money should be deposited. Pending the receipt of a reply we should be grateful to learn whether the American organization interested would be willing to increase the funds they have put up. Should they wish to do so we should have no objection to a further credit being given here in London against which the organization in Rome could obtain a further loan."

WINDANT

EFJ

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Helsinki
 TO: The Secretary of State, Washington
 DATE: April 3, 1944
 NUMBER: 303 (SECTION ONE)

SECRET

The following message is for the War Refugee Board and refers to number 48 from the Department dated March 4, also to Department's aigrams dated January 26 and February 29.

1. My initial approach to the refugee problem has been fact-finding and exploratory with a view to finding out, before formal representations are made, what the situation is and what cooperation may be expected since as far as Finland is concerned the implementation of the policies of the War Refugee Board presents special problems because of the presence of German troops in the country. Based on informal meetings with Foreign Office officials who are in contact with the Ministry of Social Affairs, officials of the Jewish Community and selected members of refugee groups, the following is a preliminary report.

2. The number of refugees is: 119 - German and Austrian; 18 - Polish; 2 - Lithuanian; about 5500 - Estonian; and 2 - Norwegian. The number of these refugees who can be considered as Jews is approximately 130. A separate report will be made with reference to the position of Estonian refugees since their situation is somewhat special. Although only a few are in combatant duties the number of Estonian refugees in the Finnish Army is about 2500 at present.

3. It is informally reported by the Minister of Social Affairs that of those citizens of German occupied countries who have been in Finland for some time, the majority and in many cases all of them would remain as "refugees" in Finland and that they would not be willing to return to their own countries in present circumstances. Excluding the numbers of refugees in Two above, the following are totals of such persons by countries:

Austrian	2
Belgians	15
Czechs	13
Danes	475
Dutch	54
Estonian	1193
French	38
Greek	13
Hungarians	31

- 2 -

Italian	131
Jugoslavian	1
Latvian	34
Lettish	26
Luxembourg	1
Norwegian	192
Rumanian	6
Poles	144

GULLION

DCR:MPL
4/4/44

.....

(SECTION TWO)

SECRET

Approximately 1500 practically all of whom belong to the Jewish Community, is the Jewish population of Finland. Nansen passports are possessed by 940 of these.

4. The treatment of refugees and Jews. At the present time it is not believed that there is any actual official discrimination against refugees or Jews. There is no classification of Jews as such in Finland and therefore no difference is said to be made on this basis among refugees. The sympathetic consideration shown by the present Government and authorities is satisfactory to the President of the Jewish Community.

There were instances of discrimination or abuse during the first enthusiasm of Finnish cooperation with Germany after 1941 and under the regime of a Naziphile Chief of State Police who has now been replaced. There was at one time a segregation of Jewish refugees in camps called concentration camps by some of the Jews but considered by the Government to have been reception centers of a temporary nature. It is now said that the inhabitants have found work and that these have been dispersed. There seems to have been an attempt under the same Chief of Police, when the Rangell Government was in power, to deport some Jews to the continent. This attempt which I believe was reported in telegrams from the Legation of that time, failed.

Refugees are eligible for benefits under the general poor law in the same way as other inhabitants of Finland although no special relief is available to these refugees.

- 3 -

5. Regarding entry into the country, it is said that if an alien does not have the usual visas and travel documents but desires to enter the country claiming asylum and offers good reasons or if he would obviously be caused unfair hardships in case his admittance is refused, the question of not admitting him is sent to the Ministry for Social Affairs.

GULLION

DCR:MPL
4/4/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Helsinki
 TO: The Secretary of State, Washington
 DATE: April 3, 1944
 NUMBER: 303 (continuation of paragraph 5, Section 2)

SECRET

Affairs, which has to consult the Foreign Affairs Ministry. It is my information that such persons are not turned back at the frontier and that regardless of whether or not a person is Jewish the procedure is the same. However, if a refugee has escaped from a country into Finland he cannot be returned to the country from which he came. Within the meaning of Department's airgram dated January 26 it does not seem that the entry of refugees is actually encouraged or cooperated in by Finland. However I personally know that persons have been permitted to stay in Fi(*)s of work although these persons arrived as stowaways on vessels from German controlled ports.

Concerning work, a refugee living in Finland is subject to the same provisions as apply to other aliens except that he may enjoy a certain advantage because he can be given a temporary permit which does not confine him to work with a particular employer or to a particular kind (*) or permit given for a fixed period of time.

7. With reference to exit from the country it is my belief that it would be the policy of Finland to aid the emigration of refugees in frame of some general plan as the War Refugee Board is contemplating. The departure of refugees is assisted at the present time by Finland to the extent of providing them with certificates of identity for traveling abroad and of aiding them with visas.

8. Regarding possibilities for the Board's useful intervention it is suggested that in Finland the Board might make the best beginning by attacking a concrete and immediate problem in the refugee field, which may perhaps be resolved by the efforts of the Board. The number of Jewish refugees whom the Jewish community of Finland is attempting to send to Stockholm is approximately 106.

GULLION

(*) Apparent omission

DCR:MPL
 4/5/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Helsinki
 TO: The Secretary of State, Washington
 DATE: April 3, 1944
 NUMBER: 303 (Section 4)

SECRET

Their emigration would be approved by the Government of Finland. The offering of proof to the Government of Sweden that refugees would not become public charges seems to be involved, among other things, with the admission of refugees to Sweden. It is said that such guarantee has been arranged with the Jewish community of Stockholm and if the impressions of my informant are correct the Foreign Office of Sweden had given some indication that travel might be arranged but nothing further has developed since that time. The Board may desire, subject to Minister Johnson's advice, to consider entering some kind of a tripartite understanding with Sweden and Finland, removal to Sweden and possibly farther on of this initial group of Jewish refugees, extending the plan subsequently insofar as may be practicable to other refugees.

As my number 64 this is repeated to Stockholm.

9. With reference to a declaration by the Government of Finland it is thought that Finland although her position vis a vis Germany would make it difficult for her to issue a statement stigmatizing the Germans to the extent that the President's executive order dated January 22 does, she (Finland) would be ready to make a public declaration of policy regarding refugees and Jews. From conviction and for political reasons the declaration would otherwise be tailored by the Government of Finland very largely to suit the pattern which the United States has set.

In a later cable I shall attempt to indicate the type of declaration which I believe might be issued by the Government of Finland.

END OF MESSAGE

GULLION

DCR:MPL
 4/5/44

cc: Miss Chauncey (For the Sec'y), Abrahamson, Akzin, Bernstein, Cohn, DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Luxford, Mann, Mannon, Marks, McCormack, Murphy, Paul, Pehle, Pollak, Rains, Sargoy, Smith, Standish, Stewart, Weinstein, H. D. White, Files

EMBASSY OF THE
UNITED STATES OF AMERICA
Port-au-Prince, Haiti, April 3, 1944.

No. 2510

Subject: Transmitting Letter from President Lescot
in regard to Haiti's Contribution to the
National War Fund, United Nations Relief
Wing.

The Honorable
The Secretary of State,
Washington, D.C.

Sir:

1/2
With reference to the Department's telegram
No. 154 of March 27, 1944, transmitting an expression
of appreciation on the part of the War Refugee Board
for the contribution being made by Haiti in aid to
refugees, I have the honor to enclose a copy, with
translation of a communication which President Lescot
sent me as of March 30th in acknowledgment of the one
I addressed to him on March 28th in compliance with
instructions.

As will be noted, the President points out that,
for reasons cited, it was his intention that Haiti's
contribution be made available to the National War
Fund, United Nations Relief Wing, rather than to the
War Refugee Board. He goes on to say, however, that
the profits of the State Lottery, to which reference
was made earlier in the Embassy's despatch No. 2521

- 2 -

of January 31st and No. 2449 of February 10, 1944,
will, in fact, be turned over to the benefit of the
War Refugee Board at the appropriate time.

Respectfully yours,

/s/ Vinton Chapin
Vinton Chapin
Charge d'Affaires ad interim

Enclosures:

- 1/ From President Lescot
dated March 30, 1944.
- 2/ Translation of No. 1
supra.

File: 711.
WC:MAK

Enclosure No. 2 to
Despatch No. 2710 of
April 3, 1944, from
The Embassy at
Port-au-Prince.

TRANSLATION

THE PRESIDENT
OF THE
REPUBLIC

National Palace, Port-au-Prince,
March 30, 1944.

Sir:

You can imagine with what interest I read your letter of March 28th, in which you advise me that your Embassy has not failed to draw the attention of the State Department to the steps taken by the Haitian Committee, over which I have the honor to preside, to help the victims of the war.

Believe, me, I appreciate, as is appropriate, the interest (diligence) you have taken in informing your Government of this plan that we have undertaken to carry out.

The funds that we are now collecting are not intended, as you had thought, for the War Refugee Board, but for the National War Fund, United Nations Relief Wing, the office of which is in New York and which is engaged in extending help to the immediate victims of the war in countries which have suffered directly from the storm which is sweeping the World.

The fact is that the Haitian Government just now is looking into the possibility of organizing through the State Lottery, for the benefit of the War Refugee Board, a special drawing of which all the profits will be turned over to that Organization.

We like to think that our contribution, small though it be, will help a little to ease the misery of those persons who are the pitiable victims of a horrible war brought on by madmen thirsting for domination.

- 2 -

With my thanks, I beg you to accept, Sir, the assurance of my cordial sentiments.

ELIE LESCOT

Mr. Vinton Chapin,
Charge d'Affaires, a.i.,
Embassy of the United States of America,
Port-au-Prince.

MAK

April 3, 1944

My dear Archbishop Cicognani:

This is to acknowledge receipt of your letters of March 25, and March 31, 1944. In reply, I wish to express to you, on behalf of the War Refugee Board, its deep appreciation of your speedy action in invoking the assistance of the Holy See, and the Board's gratitude to the Holy See for its efforts to assist the suffering Jews in Hungary and Rumania.

I take this opportunity to draw your particular attention to the treatment of Jews in Slovakia. The attention of the War Refugee Board has been drawn to a letter addressed by the Apostolic Delegation to Dr. Maurice L. Perlzweig, of the World Jewish Congress, on February 26, 1944.

In this letter, it was stated that

"the Holy See has taken up the interests of these unfortunate people. It seems that the census was made for the purpose of investigating certain specific suspicions. It likewise appears that the President of the Republic has promised that the Jews will not be persecuted, that is, condemned to severe punishments, but will only be interned and will be given opportunity and facilities to go to some other country.

"The Holy See will continue to take interest in the sad and uncertain condition of these unfortunate people."

In view of this Government's deep concern for the welfare of the Jews in Slovakia and elsewhere under Nazi domination, the War Refugee Board is happy to note the assurance contained in your letter to Dr. Perlzweig regarding the interest which the Holy See takes in their condition. At the same time, the common interest which the Government of the United States shares with the Holy See prompts me to bring to your attention the view that the assurances given by Dr. Tiso to the Holy See, referred to in the aforementioned letter to Dr. Perlzweig, are not of a nature to allay any fears regarding the fate of Jews in Slovakia.

- 2 -

Thus, the assurance that "the census was made for the purpose of investigating certain specific suspicions", is not without ambiguity since it does not contain any specific indication as to the use to which the information gained by the census will be put.

Similarly, the assurance that Jews in Slovakia "will be given opportunity and facilities to go to some other country", is of uncertain meaning since it is susceptible to the interpretation that Dr. Tiso and his associates contemplate the deportation of Jews to Poland or elsewhere, in accordance with the pattern and for the purpose heretofore evidenced in other countries under Nazi domination.

Furthermore, the War Refugee Board would appreciate the clarification of the meaning of the statement that "the Jews will not be persecuted, that is, condemned to severe punishments, but will only be interned."

It is the view of the War Refugee Board that no assurances from Dr. Tiso and his associates could be considered adequate unless they include undertakings that Jews in Slovakia will not be persecuted, and that under no circumstances will they be removed from Slovakia to Germany or to any territory occupied by the German military forces.

These observations are submitted in the earnest hope that they may assist the Holy See in any conversations with Dr. Tiso or his associates proceeding from the Department of State's letter of February 21st last to the Apostolic Delegation with respect to the Jews in Slovakia.

Very sincerely yours,

~~_____~~
/s/ J. W. PEHLE
J. W. Pehle
Executive Director

His Excellency
The Most Reverend
Amleto Giovanni Cicognani
Archbishop of Laodicea di Frigia
The Apostolic Delegate
Washington.

LSLesser:BA:jp 3/31/44

cc: Miss Chauncey (For the Sec'y), Abrahamson, Akzin, Bernstein, Cohn, DuBois, Friedman, Gaston, Hodel, Laughlin, Lesser, Lufford, Mann, Mannon, Marks, McCormack, Murphy, Paul, Pehle, Pollak, Rains, Sargoy, Smith, Standish, Stewart, Weinstein, H. D. White, Files

CABLE TO LISBON

From War Refugee Board to Norweb

Reference your 932 of March 28, 1944.

Please deliver following message to Joseph Schwartz,
representative of the American Jewish Joint Distribution Committee
in Lisbon, from War Refugee Board:

" (1) Can you send us immediately estimates of amount
of foodstuffs in Spain and Portugal available for Inter-
national Red Cross feeding programs. (2) Advise Board
your personal views concerning building food stocks in
Portugal as well as in Switzerland"

FH:lab 4/1/44

April 3, 1944

12:15 p.m.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Lisbon
TO: The Secretary of State, Washington
DATE: April 3, 1944
NUMBER: 997

SECRET

There follows the substance of a telegram for the War Refugee Board and Moses Ferguson with the United States Joint Distribution Committee, New York, from Joseph Schwartz.

Fillsmayer is already aiding in the relief and the rescue of Jews in northern Italy and several days ago through Vatican circles he made one million lira available. This refers to telegram dated 3 p.m., March 30. Since he has constant contact with Valobra and other representatives everything necessary is being done by him. With reference to the rescue of children from Spain it must be noted that they will arrive without documentation and you should advise the Consulates in Spain and in Portugal that visas without requiring birth certificates and other formal documents should be issued. Also is it possible for you to consider relaxing the original requirements and making the age limit sixteen instead of fourteen for children of enemy origin? Tomorrow I am leaving for Algiers because I cannot delay longer but I think that all arrangements have now been completed for preparations in Spain. I believe Donald Hurwitz will leave for London next week. If you will send my passport authorization to the American Consulate in Algiers I will appreciate it.

HORWEB

DCR:MPL 4/6/44

April 3, 1944

2:30 p.m.

CABLE TO MINISTER JOHNSON, STOCKHOLM

War Refugee Board advised by International Red Cross that Bulgarian boat "BELLACITA" is immediately available as soon as safe conducts obtained for transportation Jewish refugees from Mangalia to Istanbul. Intercross has requested safe conducts of all belligerents. In view of recent Balkan developments it is most urgent that evacuation ship leave at once. In view of humanitarian aspects of the matter please ask Swedish Government immediately to support in its own name the request of Intercross for safe conduct from the German Government.

JRMann:db 4/3/44

PARAPHRASE OF TELEGRAM SENT

FROM: SECRETARY OF STATE, WASHINGTON
TO: AMLEGATION, STOCKHOLM
DATED: APRIL 3, 1944
NUMBER: 571

SECRET

War Refugee Board sends the following for Johnson.

Information has now been received by the Board that the Government of Turkey has agreed to make the Turkish vessel SS TARI (4000 tons) available for one voyage to evacuate refugees to Istanbul from Constanza. Unless evacuated at once these refugees face almost certain death in view of recent developments in the Balkans. Consequently it is not urgent that an evacuation ship be sent to Constanza. Intercross, Geneva, is being requested by Simond, Intercross representative in Ankara, to obtain from the German Government safe conduct for the SS TARI and other efforts are being made to secure from the British and Soviet Governments safe conduct for the vessel. It is requested that you ask the Government of Sweden to support in its own name a request of Intercross to the Government of Germany for a safe conduct for this vessel.

HULL

RECT-517

This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (BR)

Stockholm

Dated April 3, 1944

RECSd 4:56 p.m.

Secretary of State

Washington

1126, April 3, 7 p.m.

I have no objection to appointment of Iver Olsen as Special Attache to the Legation on war refugee matters. He already has diplomatic status through his appointment as Financial Attache of the Legation. Department's 527, March 28, 8 p.m.

JOHNSON

MFM

April 3, 1944
2:30 p.m.

CABLE TO MINISTER HARRISON, BERNE

War Refugee Board advised by International Red Cross that Bulgarian boat "BELLACITA" is immediately available as soon as safe conducts obtained for transportation Jewish refugees from Mangalia to Istanbul. Intercross has requested safe conducts of all belligerents. In view of recent Balkan developments it is most urgent that evacuation ship leave at once. In view of humanitarian aspects of the matter please ask Swiss Government immediately to support in its own name the request of Intercross for safe conduct from the German Government.

JHMann:db 4/3/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Bern
TO: The Secretary of State, Washington
DATE: April 3, 1944
NUMBER: 2045

CONFIDENTIAL

Loury, Reigner and organizations interested in the movement from France of refugee children have already been notified informally and consultation is suggested with the Consuls. Today at Zurich the Consul General is convening the Consuls to simplify and organize the routine of the visa issue which naturally will be worked out with the welfare groups' assistance and cooperation. This refers to your number 1089 dated March 31, 1944. It would be of assistance to all of us here and enable us to better correlate our efforts if your action on my number 1754 dated March 22 could be expedited.

HARRISON

DCR:MPL
4/6/44

PARAPHRASE OF TELEGRAM RECEIVED

TO: The American Minister, Bern
 TO: The Secretary of State, Washington
 DATE: April 3, 1944
 NUMBER: 2049

SECRET

On March 25 the contents of your message number 970 dated March 23, which granted safe conduct for the steamship TARI, were given by me to ICRC, Geneva. However no reply has been received from the Foreign Office as yet.

In a reply dated March 30 President Huber, ICRC, expresses appreciation of the American Government's position not only concerning TARI but also the refugee position with which he states ICRC has for months been deeply concerned. President Huber states that upon receipt of information from its delegate at Ankara it directed a request on March 24 to the Government of Germany for safe conduct for a voyage from Istanbul to Constanza and return by the steamship TARI. According to ICRC a charter contract for TARI is dependent on obtaining not later than April 10 all safe conducts and that ICRC can extend to TARI Committee's insignia protection only if safe conducts are obtained. Super-cargo would also have to be carried by TARI.

I am advised by Huber that he is most doubtful that the Government of Germany will consent to the departure of Jewish refugees from any country under its influence or that it will grant safe conduct. It was pointed out by Huber that last January the Germans were approached by ICRC with a request for safe conduct for the Bulgarian steamer BELLACITTA. This vessel is now at Constanza and whenever the needed safe conducts are obtained it is ready to clear with the refugees. The Government of Germany in spite of several requests has not answered although safe conduct for the BELLACITTA HAS been granted by the governments of both Britain and America.

It is further stated by Huber that ICRC regrets very much that the prospect of obtaining safe conducts from Germany for these vessels is not at all hopeful and that there appears to be little prospect of organizing Jewish emigration on a sound basis from the Balkans. Since ICRC has done everything in its

- 2 - #2049 from Bern

power for months past to hasten measures for emigration before
it was too late, Huber says this is all the more regrettable.

HARRISON

DCR:MPL
1/4/44

TO AMBASSADOR STEINHARDT, ANKARA, TURKEY FROM WAR REFUGEE BOARD

Reference your Nos. 547 of March 27, 564 of March 29 and 578 of March 30.

With respect to terms and conditions of charter of SS TARI the Board believes that you have made the best deal possible under the circumstances, and as previously indicated you are authorized to charter the boat on the terms offered.

The Board is deeply concerned with the turn which the negotiations for a Turkish vessel have taken. For more than two months you and Mr. Hirschmann have been carrying on painstaking negotiations with the Turkish Government in order to obtain boats for the evacuation of refugees from Rumania. In these long drawn out negotiations the Turkish Government has submitted many proposals and counter proposals. Upon your recommendation the War Refugee Board has immediately acceded to practically every condition imposed by the Turkish Government even though neither you nor ourselves considered some of them entirely reasonable. However up to now the Turkish Government has failed to make a boat available. Accordingly the Board finds it extremely difficult to understand why the Turkish Government which continuously has expressed its desire to cooperate in the refugee program and which must be aware that the United States in view of military necessities is not in a position to guarantee the replacement of the SS TARI with a passenger vessel is further delaying this highly urgent matter.

In the circumstances the Board believes, if you are in accord, that the Board's view in the matter should be brought to the attention of the Turkish Government in a frank manner and the issue should be squarely put whether that Government is prepared to cooperate by chartering the TARI without further delay and upon the basis of the guarantee already offered.

According to a press report from Ankara dated April 1 two hundred thirty nine Jewish refugees from Rumania who arrived illegally in Istanbul have been taken by rail to Palestine. We assume that these are the refugees who arrived on the SS ILIN and were referred to in your 564. The Board was surprised at the attitude of the Turkish Government reported in your cable and is gratified to learn that as a result of your intervention these refugees have been permitted transit through Turkey to Palestine. Your efforts deserve the highest commendation.

If the impression were created in this country that the Turkish Government is not fully cooperating in the refugee rescue program there would undoubtedly be a reaction here quite unfavorable to Turkey. In view of the fact that several private organizations have been active in the boat negotiations and are fully cognizant of the situation it is not improbable that unfavorable publicity here may result if the Turkish Government continues to maintain its present position.

These matters have been discussed with the Turkish Ambassador in Washington.

The Board and the Department are taking all possible measures to support the request of the International Red Cross for a German safe conduct for the TARI. Similar steps will also be taken in the case of the SS BELLACITTA mentioned in your No. 578.

This is WRE Cable to Ankara No. 18

JWF:bbk - 6/3/44
April 3, 1944
12:00 p.m.

FNG-806

This telegram must be paraphrased before being communicated to anyone other than a Government agency. (RR)

Ankara

Dated April 3, 1944

Rec'd 1:55 p.m., 4th

Secretary of State,

Washington.

MOST IMMEDIATE

590, April 3, 11 p.m.

FOR WRB

Ankara No. 19.

Black advises that local underwriters ask premium of 12% plus tax of 20% on premium for war risk on SS TARI. He considers this outrageous and is now waiting word for rate in London. In view of the fact that the US Government is paying the premium and will be beneficiary of policy and as the US Government has undertaken to replace SS TARI if lost and repair if damaged, Black recommends that wither no war risk be taken or that vessel be covered through WSA. SS TARI valued at Turkish pounds 780,000 for insurance purposes which Black considers somewhat high.

STEINHARDT

REP

NOT TO BE RE-TRANSMITTED

COPY NO. 11

SECRET

OPTTEL No. 107

Information received up to 10 a.m., 3rd April, 1944.

1. NAVAL

One of H.M. Submarines overdue from patrol in Norwegian waters and presumed lost.

During 1st/2nd U-boats tried to attack a convoy to NORTH RUSSIA and were driven off by the escort. One of H.M. Destroyers reported to have sunk a U-boat. 5 German aircraft reported shot down by carrier-borne aircraft. Yesterday evening German aircraft were homing U-boats on to the convoy. A U.S. Eastbound convoy attacked by 15 enemy aircraft off ALGIERS early 31st. 1 shot down. 1 U.S. Liberty Ship hit and set on fire but towed into ALGIERS.

2. MILITARY

BURMA.

ARAKAN. Japanese attack 31st March half mile southeast BUTHIDAUNG repulsed.

CHIN HILLS. Our troops are in contact with Japanese 20 miles north of TUITUM.

CHINLWIN. Japanese pressure on KOHIMA-IMPHAL road 20 miles north of latter continues.

3. AIR OPERATIONS

ITALY. 1st. Mitchells dropped 77 tons on two railway bridges at ORVIETO.

Treasury Department
Division of Monetary Research

129-A

Date.....19

To: Miss Chauncey

The Secretary wanted these
returned after Mr. White had read.

L. Shanahan

MR. WHITE
Branch 2058 - Room 214-1/2

April 4, 1944

MEMORANDUM FOR THE SECRETARY'S FILES

Vice President Wallace called me this afternoon. He had tried to get the Secretary but, upon learning of his absence from the city, he spoke to me.

He said that an old friend of his by the name of Whitson was in his office discussing the problem of the heavy overstocking of our cattle ranges and the serious need for the Government to take action to curtail the number of cattle on the ranges if we were going to avert disaster in the event of drought or other feed shortage. He stated that Whitson worked for the Department of Agriculture for thirty years and spent his time travelling from farm to farm in the cattle range country checking on conditions and that his conclusions confirmed those he furnished you last week.

According to Wallace, Whitson had reported his views to John B. Hutson, President of the Commodity Credit Corporation, but Hutson advised Whitson that the Department of Agriculture and War Food Administration already had decided against the Government taking corrective measures. Wallace thought that Secretary Morgenthau might want to get Whitson's "opinion" on the subject since it tied into the Argentine food situation. I suggested that Whitson come over to talk to me in the Secretary's absence and Wallace said that this was what he had in mind. I am attaching a copy of a memorandum of my conference with Whitson.

Wallace said that he had been doing some further thinking about the \$1,300 million British investment in Argentina. It had occurred to him that if the British were fearful for these investments in the event of joint economic sanctions, we might offer to buy them out. Then we could make a deal for reselling them to Argentina. He thought that Argentina would be anxious to repatriate this investment, using her heavy dollar holdings here as partial payment and liquidating a substantial part of the balance out of our war time purchases in Argentina. This proposal, in his mind, had the further inducement that the British could be

- 2 -

assured to use the proceeds of the sale to finance purchases of war material here which otherwise we would have to furnish cash lease.

I told him that off-hand I did not think that this proposal will have much appeal for the British but that at the same time we might be able to use it to advantage with the British in getting them to go along with a program of joint sanctions against Argentina. Our offer to buy their Argentine investment would make it very difficult for the British to use these investments as an excuse for inaction. I said that these were initial reactions on my part but that I would mention the idea to Secretary Morgenthau as I was certain that he would like to think about it.

OK

Attach.

April 4, 1944

MEMORANDUM FOR THE FILES

J. Whitson of the Department of Agriculture called at the suggestion of Vice President Wallace to see the Secretary. In the Secretary's absence, he talked to Mr. Luxford (Mr. Moskowitz joined the meeting later) about the current range cattle situation. Mr. Whitson has been with the Department of Agriculture for thirty years, it being his function during that period to estimate range conditions. He does not estimate from Washington but goes about the range country, travelling from house to house talking to the cattle growers.

Whitson is absolutely convinced, on the basis of his experience and present observations, that there is considerable likelihood that trouble is in the making unless there is substantial increase in the slaughter of cattle. There is more cattle on the hoof today than ever before in history, while the amount of feed and grazing land available for cattle has not increased. As he colloquially put it: "There are more mouths to feed than ever before and less stuff to put in them". There is a very real danger of a feed shortage this year and if there should be any drought conditions in substantial areas of the range country, the result will be calamitous. Large numbers of cattle, particularly aged cows, yearlings, etc., would either die or have to be slaughtered suddenly. In the event of a sudden slaughter, the man power supply would not be sufficient to handle the job nor would there be enough freight cars to move the beef nor storage space to keep it.

Whitson stated that someone for the Government, speaking with authority, must announce a program designed to move the cattle off the range in a steady stream starting now, before the heavy slaughter season (which starts about July and lasts until about November). This could best be done by a form of subsidy plan which would induce the cattle growers to increase the amount of slaughtered beef. An increase in the price of

- 2 -

beef would not do it because that would result, as past experience has shown with other farm commodities, in holding the cattle on the range; the grower would know that he could always obtain that price and would speculate for an even higher price. On the other hand, an increase in the price of corn would not be helpful, inasmuch as a large percentage of the cattle are not corn fed. Moreover, such action would raise a hue and cry of "squeeze" which would only result in raising the prices of beef as well. What was needed was a direct payment subsidy to increase selective slaughtering of certain types of cattle, including cows. This could be arranged by a payment measured in total pounds or total number of heads, based upon the amount of slaughtering done in past years. In order to move the beef during a particular period, the payments could be graded or could be conditioned upon the movement of a certain amount of beef within a specified time.

While Whitson did not go into the details of any particular program, which would have to be worked out by experts, he was certain that unless some such steps were taken to increase the movement of beef from the range, we would not be able to feed the cattle now on the range and if there were any drought, we would be headed for real trouble. Whitson stated that cattle men were well aware of the situation and were concerned about possible feed shortages and drought conditions, the latter being a real threat because we have had an unprecedented number of successive years of good grazing conditions and further there was some indication of drought last year. Whitson thought that while the cattle lobby was a vociferous one, a subsidy plan as that suggested, if put to them properly would find them receptive and willing to back it.

Whitson stated that he had already discussed this problem with J. B. Hutson, President of the Commodity Credit Corporation, and pointed out to him that there was an impending shortage of feed while there were more cattle on the hoof now than ever before. As for our ability to move the beef once

- 3 -

it has been slaughtered, Whitson thought that with the decline in hog slaughtering and the movement of hogs for curing and canning, there would be more space available for storage and that in about a month or so, there would be more shipping space available for beef.

*BY*2



April 4, 1944

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

This is the expanded memorandum concerning the third interdepartmental meeting on incentive effects of taxation, held on March 9, 1944, referred to in my previous memorandum of March 10, 1944.



Attachment

Third interdepartmental meeting
on incentive effects of taxation

BUSINESS TAXES

The third in a series of interdepartmental meetings on the incentive effects of taxation was held on March 9, 1944, to discuss business taxation.

I. Excess-profits tax in reconversion period

The first part of the discussion was devoted to a further consideration of the excess-profits tax in the reconversion period.

Mr. Paul advanced a number of arguments in support of the position that the excess-profits tax should be maintained in the transition period. He suggested that the purpose of such a tax would be to alleviate the discrimination between producers able to reconvert more rapidly than other producers in the same industry, and to continue profit control as long as wage and price controls were maintained.

Mr. Hinrichs, Mr. Comer, and Mr. Copeland argued that the excess-profits tax would be a necessity even when wartime controls were removed. In fact, they held that this tax would be even more necessary than to avoid the enormous profits which would follow removal of price and wage controls.

Mr. Gilbert contended that an excess-profits tax in the reconversion period was quite unnecessary. He based his argument on the assumption that producers in the same industry would reconvert at about the same time, and that the reconversion period would be very brief.

Mr. Hill pointed out that reconversion would very definitely not be performed on an industry basis, but on an individual company basis, as resources became available. Reconversion, he stated, had already taken place to some extent in this way and would have gone further if manpower had been available.

Mr. Comer suggested that the excess-profits tax, necessarily high in the early postwar period, should be repealed in stages. Business would expand, he thought, if they could count with certainty on the ultimate repeal of this tax. He said that

- 2 -

boards of directors, who control investment decisions, would not allow management to invest if 20 percent rates of return were necessary to yield net of the tax a 5 percent rate of return.

Mr. Maddox believed that the retention of the excess-profits tax in the postwar period should depend upon what business does with its profits.

II. The case for and against taxation of business income

Mr. Musgrave took the position that if repeal of the corporation tax would mean that the tax structure would not touch corporations even to their filing returns, then a corporation tax was necessary to obtain information on corporate activity. The information resulting from tax returns is necessary as a potential means of control. However, if the corporation tax were to represent a source collection, then the necessary information would be received. His position was not one favoring an ad rem tax.

Mr. Colm favored the retention of the corporation tax for reasons other than source collection. He argued, first, that the corporation tax was one of the most productive sources of revenue. Tax reduction in the postwar period should come where it will do the most good for social purposes and for stimulating employment, and a moderate corporation tax would be least harmful to the productive process. Second, he argued that a corporation tax was justifiable as a payment for the specially favorable condition created by the Government under which corporations earned income. He would, however, differentiate between the "public" and the "private" corporation. Only the public corporation would be required to bear a corporation tax per se because of its large credit resources unavailable to the small corporation. The latter are merely partnerships and would be treated as such.

Mr. Goode, as a further advantage of a corporation tax, pointed to the effect of the corporation tax on savings. He thought that no other tax burdens consumption less, and suggested that lower excise and payroll taxes might be more in order than lower corporation taxes. Some discussion was given to the effect of reduced corporation savings on the level of investment.

Mr. Copeland thought that a case could be made for a tax on corporation income on the basis of use rather than source of income. He advocated a corporate tax as a method of encouraging investment in depression periods, and discouraging

- 3 -

in prosperous periods. Credits against the tax could be allowed under depression conditions.

Mr. Stevens and Mr. Warburton did not share Mr. Copeland's views that such a tax change would be beneficial. They thought that the necessary flexibility in taxes would require administrative determination which would increase investment uncertainty and, thus, discourage investment.

Mr. Comer, too, voiced his opposition to the use of taxation to achieve reform of the business structure, except as it reduced the advantage of large corporations.

III. Expansion of the corporation-tax base

The question was next raised -- assuming a corporation tax was retained, should its base be broadened by disallowing the deduction of interest expense, or of interest and all other payments for the use of capital?

Mr. Welch was in favor of disallowing both interest and rent expense. However, he indicated that care should be taken in disallowing rent to distinguish between the several elements which compose it - depreciation, service, and pure return of capital. Only the capital return should be disallowed, not the portion representing service and depreciation.

Mr. Gates stated that for a long time the Securities and Exchange Commission had been interested in doing something about the interest deduction. Such a change would necessarily have to be gradual or some companies would be bankrupted. However, in periods of declining rates, as in the postwar period, it might be easier to effect the appropriate change. A credit might be given for equity financing, and a greater credit for new capital financed by equity.

Mr. Hinrichs agreed that the difference between interest and dividends was highly tenuous, but thought that the differential effect of this change on industries would be great, particularly if it came as a shock. There followed some discussion of the difficulty, resulting from refunding issues, of applying the change only to new issues.

Mr. Comer raised the question of the effect of such a change on life insurance companies and trust funds, and Mr. Stevens pointed out the problems faced by lessor railroads and short-term borrowers.

- 4 -

Mr. Paul then suggested that as a basis for discussion at the next meeting the Securities and Exchange Commission prepare an agenda with suggested solutions to this problem.

Treasury Department, Division of Tax Research

March 30, 1944

EOB



TREASURY DEPARTMENT
PROCUREMENT DIVISION
WASHINGTON 25



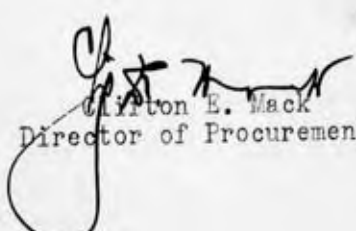
OFFICE OF THE DIRECTOR

April 4, 1944

MEMORANDUM TO THE SECRETARY:

There is submitted herewith the weekly report of Lend-Lease purchases.

Engineering plans have been completed for the gasoline refinery under the Third Protocol Program, at an estimated cost of twenty-nine million dollars. It is expected that the formal requisition will be submitted to us by the Foreign Economic Administration within the next ~~ten~~ ten days.


Clifton E. Mack
Director of Procurement

LEND-LEASE
 TREASURY DEPARTMENT, PROCUREMENT DIVISION
 STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
 DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS
 AS OF MARCH 29, 1944
 (In Millions of Dollars)

	<u>Total</u>	<u>U. K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Miscellaneous & Undistributed</u>
Allocations	\$4698.4 (4698.0)	\$2290.7 (2290.7)	\$1877.3 (1877.3)	\$113.9 (113.9)	\$12.6 (12.6)	\$403.9 (403.5)
Purchase Authoriza- tions (Requisitions)	\$3639.2 (3636.0)	\$1873.6 (1883.2)	\$1443.2 (1436.5)	\$45.1 (44.9)	-	\$277.3 (271.4)
Requisitions Cleared for Purchase	\$3563.4 (3538.6)	\$1848.1 (1835.2)	\$1407.8 (1400.4)	\$44.9 (44.6)	-	\$262.6 (258.4)
Obligations (Purchases)	\$3435.4 (3416.8)	\$1816.1 (1807.9)	\$1377.6 (1372.7)	\$44.4 (44.2)	\$10.6 (10.6)	\$186.7 (181.4)
Deliveries to Foreign Governments at U. S. Ports*	\$1855.7 (1794.8)	\$1211.4 (1181.5)	\$ 589.2 (558.9)	\$22.0 (21.9)	-	\$33.1 (32.5)

*Deliveries to foreign governments at U. S. Ports do not include the tonnage that is either in storage, "in-transit" storage, or in the port area for which actual receipts have not been received from the foreign governments.

Note: Figures in parentheses are those shown on report of March 22, 1944.

EXPLANATION OF DIFFERENCE

The decrease in Purchase Authorizations for United Kingdom is a result of adjustments of requisitions to actual contracts.

UNITED KINGDOM TREASURY DELEGATION

BOX 880
BENJAMIN FRANKLIN STATION
WASHINGTON, D. C.

TELEPHONE EXECUTIVE 2080

4th April 1944

Dear Dr. White:

In continuation of Mr. Grant's letter of 3rd March, the following are the figures for our gold and dollar holdings in million dollars as at February 29, 1944.

Gold	1,136
<u>Less gold liabilities</u>	<u>294</u>
Net gold	842
Official dollar balances	760
<u>Less dollar liabilities</u>	<u>167</u>
Net dollars	<u>593</u>
Net gold and dollars	<u>1,435</u>

Your sincerely,



F.E. Harmer.

R.D. White,
Assistant to the Secretary,
United States Treasury,
Washington, D. C.

PARAPHRASE OF TELEGRAM SENT

139

FROM: SECRETARY OF STATE, WASHINGTON
TO: AMEMBASSY, CHUNGKING
DATED: April 4, 1944
NO.: 433

SECRET

With reference to your telegram of March 26, 1944, no. 531, you are informed that the Department concurs in the opinions expressed therein. The proposed new approach was discussed and approved at a conference of State and Treasury Department representatives with officers of the War Department.

The Department still bears in mind the effect of expenditures on Chinese economy and in order that expenditures may be kept to a minimum consistent with strategic considerations, the Department hopes that you will be able to keep before our Army officers the importance of having the Chinese Government assume as much responsibility for the execution of the program as is feasible.

HULL

ef:copy
4-13-44

LEGATION OF THE
UNITED STATES OF AMERICA

Cairo, April 4, 1944.

No. 1723.

Subject: Transmitting Memorandum from
Representative of New Zionist
Organization Regarding Opposition
to Passage of Joint Resolution on
Palestine.

The Honorable
The Secretary of State,
Washington.

Sir:

Referring to my despatch no. 1640 of March 6, 1944 transmitting a memorandum from the local representative of the New Zionist organization objecting to the protest to the Congressional Resolution on Palestine made by the Egyptian Government, I have the honor to transmit herewith another memorandum from the same source (Mr. Albert Staraselski, representative in Egypt of Dr. Altman, Director of the Political Bureau of the New Zionist Organization, World Presidency, in Palestine) protesting against the reported shelving of the Resolution on grounds of military expediency. In presenting the memorandum Mr. Staraselski observed that, although the wording was his, the arguments adduced were in accordance with directives received from Dr. Altman, who might also be taking action in the matter. The following is a summary of the memorandum:

The creation of the War Refugee Board was cited as indicating the intention of the President to place the rescue

- 2 -

of victims of Nazi cruelty, particularly Jews, on the level of an Allied strategic objective and the formation of the Board in addition to the previously existing Intergovernmental Committee on Refugees was interpreted as meaning that the task of the Board was of an especially urgent nature which could not await the end of hostilities. The fact that the Secretaries of War and Navy had been included in the Board was taken as added proof of the military character of its mission. The New Zionist organization endorsed the Board in this capacity.

The memorandum then went on to argue that the Balkans were the only avenue of escape for persecuted European Jews and Palestine the only logical destination for most of them because of both the inadequacy of transport to carry them to more distant destinations, and the lack of a large absorptive capacity in the Western Hemisphere. The use of Palestine for this purpose would of course necessitate the revision of the White Paper as called for by the Congressional Resolution which had been side-tracked on the excuse of military considerations. The cogency of arguing that military considerations should prevail was admitted but it was argued that logical deductions on that premise should have been in the contrary sense since "Arab opposition is of a civilian character and could always be dealt with on an administrative and police level." The United Nations have ample means at their disposal to handle the situation provided they really desire to do so and the precedents of the repression of the Iraqi revolution and of the military action in Iran were cited as examples of the use of force in this area which had been undertaken without prior consultation with Arab leaders but still had not provoked any serious opposition.

- 3 -

The question, therefore, says the memorandum, is to determine whether the rescue of the Jews, which is believed to be correctly defined as a war objective, is regarded as of sufficient importance not to be counter-balanced by the prospect of possible Arab reaction which could be taken care of on an administrative and police level. If so, there is every reason to believe that the competent authorities could handle the situation with a minimum of difficulty; if not, it can only be assumed that the United Nations are avoiding action on an urgent task of great strategic importance for local political reasons of a civilian nature.

After inferentially comparing the service of Jews and Arabs in the Allied forces, the memorandum concludes with the hope (1) that President Roosevelt will maintain and reaffirm that the rescue of millions of Jews from Europe constitutes a high obligation of strategic importance to the United States, (2) that the United States General Staff should reconsider its attitude in the light of the foregoing, and (3) that the military measures necessary to achieve this end should be decided on and carried through regardless of any civilian obstacles, i.e. Arab opposition, which may stand in the way. End summary.

In its frankly intransigent tone the memorandum merely constitutes a moral application to this specific problem of the conventional uncompromising New Zionist policy as enounced by Dr. Altman in his various past conversations with officers of this Legation in the course of which he has consistently maintained that he regarded any attempt by the Jews to come to an agreement with the Arabs as futile, that the only means of reaching a solution must be by crushing Arab opposition under threat or use of force, and that the most propitious time to take such action is during the war when the Allies have large military forces in the area available for the purpose. In this

- 4 -

respect, Dr. Altman has on occasion been heard to speak disparagingly of other Zionist advocates, particularly the members of the Jewish Agency, as being insincere since, he maintains, they see the situation essentially as he does but do not deem it expedient to say so openly.

Respectfully yours,

/s/ A. Kirk

Alexander Kirk

Enclosure:

Memorandum dated March 31, 1944 from the Representative in Egypt of Dr. Altman, Director of the Political Bureau of the New Zionist Organization, World Presidency.

Copy to the American Consulate General at Jerusalem.

Sent to the Department in ozalid.
File no. 800.
RAH/rq

AIR MAIL
No. 386.

140

Legation of the
United States of America

Lisbon, April 4, 1944

Subject: Treasury Department License No. M-2154,
Granted to the American Jewish Joint
Distribution Committee of New York
City.

CONFIDENTIAL

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to the Department's telegram No. 800 of March 18, 1944 to the American Legation, Lisbon, and to submit a report which relates to Treasury Department License Number M-2154, granted to the American Jewish Joint Distribution Committee of New York City; the substance of which is transmitted in that message together with directives.

The terms of the license have been conveyed to Dr. Joseph Schwartz, Lisbon representative of the Joint Distribution Committee, and we have discussed them in detail and have arrived at a mutual understanding on all points except that which concerns sums that may be used (see section 3, below). Dr. Schwartz has informed me of the general character of the Joint Committee's operations and we have talked about transactions that might be made in or from Lisbon.

The results of the discussion are taken up in the following numbered sections:

1. It is not anticipated, at least at present, that Lisbon will be an important base for the purchase of currencies to be used in rescue or relief work. It is principally in Switzerland that the Joint Committee has purchased currencies for remittance to enemy territory for relief purposes. Any currency that would be bought in Lisbon with secodes for remittance to enemy territory would be obtained and sent to supplement relief funds being expended in that territory.

Spain has been used as the principal base for mercu work. There, professional guides are employed who bring refugees out of France, and also the guides will accept payment the Joint Committee pays them in that cur-

rency. Resetas.....

- 2 -

rency. Pesetas are, of course, bought at the legal rate. In the conduct of its work the Joint Committee has dealt mainly in pesetas.

2. The Joint Distribution Committee will confer with the proper office of the Legation on any proposed purchase of foreign currency in or from Portugal, regardless of which of the three methods of currency procurement outlined in the telegram may be involved. Whenever purchases of currency are considered and are made through other countries, this office assumes that the Joint Committee will confer with and report to the American Mission in each of those countries.

3. Dr. Schwartz is not clear whether the limitation of \$25,000 specified in (b) of the telegram represents an overall limit for operations in Portugal under the license or whether it is the maximum dollar equivalent amount which would be permitted to accrue, as a result of foreign currency purchases, to the credit of any single, blocked account. The latter version seems to be the proper interpretation of the section, but since the question has arisen it would be appreciated if the Treasury would clarify this point. Such clarification would cover also the \$100,000 figure specified with reference to Spain.

4. Dr. Schwartz plans to leave Portugal for North Africa. When he will return is not certain, but in his absence one of his deputies will, if necessary, get in touch with the American Legation.

5. We have informed Dr. Schwartz that the Legation is ready to extend its facilities in every way possible to further the program of refugee rescue and relief.

Respectfully yours,
For the Minister:

/s/James E. Wood
James E. Wood,
Financial Attaché

File No. 300/814.4
JEW:lr

TELEGRAM SENT

This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (BR)

April 4, 1944

11 a.m.

WAR REFUGEE BOARD

AMLEGATION

LISBON

949

FOR THE MINISTER FROM WAR REFUGEE BOARD

Refer to Department's No. 200 of January 25, 1944, in regard to the establishment of the War Refugee Board. The Executive Director of the Board, John W. Pehle, has informed the Department that in conformity with the President's Order of January 22, 1944, the Board proposes to appoint Mr. Robert C. Dexter, European representative of the Unitarian Service Committee and enroute to Lisbon at the present time, as the special representative of the Board with the designation by the Department as special attache to the Legation on war refugee matters. The President's order provides that the State Department shall appoint such special attaches upon recommendation of the War Refugee Board, that they shall have diplomatic status, and that their duties and responsibilities shall be defined by the Board, in consultation with the State Department.

The Unitarian Service Committee has indicated that it has no objection to Mr. Dexter's accepting this appointment.

If, after discussing the matter with Mr. Dexter, the appointment meets with your approval, you should advise him that he is so designated and that he is to have diplomatic status. It is assumed there will be no objection on the part of the Portuguese Government to this designation, although you may, in your discretion, approach the Portuguese authorities if you consider it necessary or advisable to do so. You are requested to confirm by telegram Dexter's designation or to advise us promptly if there is any reason why it should not be effective at once.

949, April 4, 11 a.m. to Lisbon

- 2 -

You should advise Dexter that;

(a) He is charged with the duty and responsibility of carrying out the Board's policies and programs in Portugal;

(b) He is responsible to the Minister and should discuss his activities and problems with him regularly and fully;

(c) The Legation will provide him with the necessary communication facilities in carrying on his official duties;

(d) He shall extend all possible assistance to the Minister in carrying out the instructions contained in the Department's reference telegram;

(e) He shall work with and give all assistance to public and private agencies operating in Portugal in this field regardless of whether such organizations are American, foreign or international;

(f) He shall develop and assist in the development of programs and implementation of measures for the rescue, transportation, maintenance and relief of refugees;

(g) He shall forward to the Board recommendations and frequent reports on progress of work and difficulties encountered;

(h) In so far as the Trading with the Enemy Act is concerned, the Secretary of the Treasury has vested in the War Refugee Board and its representatives in the field full authority to communicate with enemy territory to carry out the purposes of the Order. The Secretary of the Treasury has also delegated to the War Refugee Board and its representatives the power to authorize any public or private agencies which may be subject to the provisions of our Trading with the Enemy Act, to communicate with enemy territory for the purpose of carrying out the order. Dexter is authorized to act accordingly.

After receipt of confirmation of Dexter's designation further detailed instructions will follow from time to time.

HULL
(GLW)

CABLE TO BERN

From War Refugee Board to Harrison

With referende to your No. 1828 of March 24, 1944,
concerning proposed purchase by Intercross of food in Portugal
to aid three refugee camps in Croatia, please deliver the
following urgent message to Interross from the War Refugee Board:

"In order to expedite licensing of necessary
remittances and to secure navicerts, please advise the
Board at once re (1) number and nationality of persons to
be aided in the three camps, (2) approximate cost involved,
(3) types of food to be purchased in Portugal for packaging,
and (4) assurance that such food supplies will reach intended
beneficiaries."

April 5, 1944

2:15 p.m.

FH:lab 4/4/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Bern
TO: The Secretary of State, Washington
DATE: April 4, 1944
NUMBER: 2082

CONFIDENTIAL

The following message is for Dr. Wise, World Jewish Congress, 330 West 42nd Street, New York, from Riegner and Lichtheim.

It is reported reliably that the Government of Germany by the establishment in Budapest of special German administration to send workers and foodstuffs to Germany, is planning to control the economic life of Hungary. Special provision for the destruction of 800,000 Jews within six months by the concentration of all in the following three zones, is also included in these plans: heath of Zenta (First); marshes of Mohace (second); Semendria on Serbo-Croatian border (third). The usual preliminary steps such as yellow badge registration have just been announced. Under the supervision of German SS guards there will follow arrest and deportation. As has been done in Poland the Jews at the three isolated places named above will be dealt with by guards.

It is our proposal that these plans should be vigorously and repeatedly denounced by radio and that the Jews should be told to seek shelter in all conceivable ways outside or inside of Hungary or if possible to join the partisans. The Jews should be warned not to make the same mistake which the Jews in Poland and the Netherlands made but to destroy all relevant lists of communities in time and to avoid registration. Encourage officials of Hungary and the populace to help the Jews and counteract German measures at this time.

HARRISON

DCR:MPL
4/6/44

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Ankara
DATED: April 4, 1944
NUMBER: 294

CONFIDENTIAL

Following is for Steinhardt and Hirschmann from War Refugee Board.

Please inform Alice Sturdza Cantacuzene through available channels that if she, Pussy, his mother and close friends are able to proceed to Istanbul from Bucharest, all necessary financial and other arrangements will be made by Louise Gunther.

HULL

TELEGRAM SENT

April 4, 1944

3 p.m.

GEM

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (BR)

AMEMBASSY

ANKARA

295

FROM WAR REFUGEE BOARD TO STEINHARDT

Board considers it important that David J. Schweitzer, American citizen, presently in Palestine as a representative of Hebrew Immigrant Aid Society proceed to Ankara.

Any assistance which you can give in facilitating the issuance of his Turkish visa, which has been delayed will be appreciated.

HULL
(GLW)

WRB:GLW:OMH

NE

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington

TO: Amembassy, Ankara

DATED: April 4, 1944

NUMBER: 296

CONFIDENTIAL

FOLLOWING IS FOR THE AMBASSADOR'S ATTENTION.

WRB CABLE 16.

It is understood by us that you and Hirschmann have been informed by Joseph Schwartz, Lisbon JDC representative, that there is a good possibility that a Portuguese vessel may be obtained for the purpose of evacuating refugees from Constantza. We have also been informed by Schwartz that Hirschmann has advised him to suspend negotiations with the Portuguese Shipping Company until the possibilities of evacuation are definitely decided and until the question of using a Turkish vessel has been determined.

We assume that you will bear in mind the suggestion made by Schwartz and that if an occasion should develop wherein a Portuguese vessel could be used you will inform Schwartz and us.

HULL
(GLW)

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Embassy, Ankara
TO: The Secretary of State, Washington
DATE: April 4, 1944
NUMBER: 594

CONFIDENTIAL

The following message is for the War Refugee Board and the Department. As Ankara's number 30 this message was sent.

I would appreciate it if the Department would take up with the War Refugee Board the matter of placing \$160,000 at the disposal of the Embassy since the charter party for the SS TARI should be ready for signature within the next two or three days. The aforementioned amount is estimated as the amount necessary for the insurance and to make the initial payment of the charter price.

It is ~~my~~ suggestion, in view of Hirschman's departure tomorrow, that these funds be placed to the credit of Kelley in the same way or funds transferred for the Embassy's operating expenses unless the Department perceives some objection.

STEINHARDT

DCR:MPL
4/6/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Embassy, Ankara
TO: The Secretary of State, Washington
DATE: April 4, 1944
NUMBER: 596

SECRET

As Ankara's number 22 the following message is from the Ambassador and Hirschman for the War Refugee Board.

Simond of the International Red Cross has had a talk with the German Ambassador at our suggestion. This morning Simond informs us that von Papen agreed in the course of their talk (1) to urgently recommend to the Government of Germany that the SS TARI be given safe conduct and (2) that in its treatment of the Jews in Hungary the German Government exercise restraint.

von Papen's sincerity impressed Simond who believes he (von Papen) will make these recommendations to the German Government but is, of course, uncertain regarding the German Government's reception of them.

STEINHARDT

DCR:MPL
4/7/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Ankara
TO: Secretary of State, Washington
DATED: April 4, 1944
NUMBER: 597

CONFIDENTIAL

Hirschmann sends the following for WRB.

Ankara 23.

A lengthy editorial entitled "The Refugees and Turkey" is carried on the front page of the Sunday April 2 issue of LA REPUBLIQUE, leading newspaper of Istanbul. The Government of Turkey is urged in the editorial to take all measures possible to aid Jewish refugees from the Balkans to reach Palestine. The entire editorial is very sympathetic to the cause of the refugees and should have an excellent effect on the Turkish Government and the members of the Grand National Assembly. The editorial is an encouraging indication of the recognition in Turkey of the WRB's work and it is signed by the editor who is personal friend of Ambassador Steinhardt.

STEINHARDT

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Embassy, Moscow
TO: The Secretary of State, Washington
DATE: April 4, 1944
NUMBER: 1164

CONFIDENTIAL

The following message is for the War Refugee Board.

It is stated by the Foreign Office that the Government of the U.S.S.R. is prepared to aid in the safe passage of the Bulgarian ships BELLACITA, MARITZA and MILKA which are transporting Jewish refugees to Istanbul from Mangalia. As soon as information is supplied regarding recognition marking of ships, their courses, and dates of departure from Mangalia and arrival at Istanbul, the Russian Military authorities will be given the necessary instructions. Please refer to Department's message number 648 dated midnight March 21, 1944.

The following is sent to the Department of State. Since the Embassy does not know what codes are available at Geneva please repeat this message to the Consulate there for the Red Cross.

The foregoing repeated to Ambassador Steinhardt at Ankara.

HARRIMAN

DCR:MPL
4/5/44

SECRET

OPTEL No. 109

Information received up to 10 A.M., 4th April, 1944.

1. NAVAL

On 3rd morning Naval aircraft from H.M. Aircraft Carriers attacked TIRPITZ in ALTENFIORD. Estimated 17 hits obtained with 1600 pound, 600 pound and 500 pound bombs. 3 Barracuda and 1 fighter aircraft missing.

2. MILITARY

RUSSIA. Russians have advanced west and southwest of UDBNO, in area northwest of BRODY. They were 8 miles north of JASSY on 3rd and had cut the JASSY-DOROHOI Railway.

BURMA. In CHINDWIN our forces have withdrawn northwest from TAMU area. Japanese pressure maintained in area 20 to 30 miles north of IMPHAL.

3. AIR OPERATIONS

CENTRAL EUROPE. 2nd. At STEYR escorted Fortress and Liberators dropped 613 tons on the ball bearing plant with excellent results confirmed by photographs and 226 tons on the Daimler Puch aircraft plant. Railway yards at BROD and BIHAC were attacked by 78 aircraft. Provisional figures aircraft destroyed: Enemy 100, Allied 27 bombers.

3rd. Fortresses and Liberators with fighter escort dropped 1022 tons on aircraft factories, railway yards and airfield at BUDAPEST. Preliminary reports indicate successful attack. Enemy casualties 24, 4, 0: Allied 6 bombers missing. Railway yards BROD, KNIN and DRNIS were attacked without loss. Total 262 tons were dropped.

Enemy air reaction fierce on 2nd but on 3rd the few fighters met were not aggressive.

OPTEL 108 not sent to Washington.

VIA TELETYPE

April 5, 1944

154

CLIFTON E. MACK
WASHINGTON, D. C.

ON VISITING THE NEW YORK PROCUREMENT OFFICE I FIND THAT THEY WERE NOTIFIED ON DECEMBER 22 THAT THE ARMY HAD 2142 MOTORCYCLES THEY WISHED US TO DISPOSE OF FOR THEM. THE INVITATION FOR BID ONLY WENT OUT ON THE 29 OF MARCH. I REALIZE THAT PROCUREMENT WAS REQUESTED TO DISPOSE OF OTHER LOTS AT SUBSEQUENT DATES BUT THIS STILL DOES NOT EXPLAIN WHY IT TOOK FROM DECEMBER 22 to MARCH 29 to GET OUT INVITATIONS ON THE ORIGINAL 2142 MOTORCYCLES. I WOULD APPRECIATE AN EXPLANATION FROM YOU IN PERSON.

IN REGARD TO SHEARLINGS THE NEW YORK PROCUREMENT OFFICE ON JANUARY 17 WERE NOTIFIED BY ARMY THAT THEY HAD A GREAT NUMBER OF SHEARLINGS TO DISPOSE OF. I UNDERSTAND THAT THESE SHEARLINGS WERE REFERRED BY THE NEW YORK OFFICE TO WASHINGTON ON OR ABOUT JANUARY 18. I WOULD LIKE TO HAVE YOU EXPLAIN TO ME IN PERSON THE DELAY IN THE WASHINGTON OFFICE IN THE DISPOSAL OF THESE SHEARLINGS.

I WILL BE IN MY OFFICE ON THURSDAY MORNING.

I ASKED MR. YOUNG IF HE RECEIVED ANY RECENT NOTICES FROM YOU OF MY URGENT WISH THAT ALL ARMY AND NAVY SURPLUSES BE DISPOSED OF AS RAPIDLY AS POSSIBLE. I WOULD APPRECIATE AN EXPLANATION AS TO WHY THERE HASN'T BEEN A DIRECTIVE TO THAT EFFECT.

PLEASE GIVE MR. JOHN L. SULLIVAN A COPY OF THIS MESSAGE.

HENRY L. MORGENTHAU, Jr.

Confirmation of
telephone message
April 5, 1944.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE

April 5, 1944

TO Secretary Morgenthau

FROM Fred Smith *FS*

As you requested, I checked with Whitman of WPB when no announcement came out about the Carbide and Carbon Alcohol plant, which Don Nelson said he intended to okay. Whitman explained that Carbide and Carbon's engineers are still working on the project, and no formal proposal has yet come to the WPB. He gave me to understand that the proposal, when it did come, would probably be okayed and said "no time is being wasted, because this engineering has to be done anyway."

Whitman also pointed out that the chemical branch had recommended building a four million gallon capacity plant near Portland to make alcohol from wood; and a seven million gallon plant in Florida to make alcohol from sweet potatoes. He said that both these recommendations were now being reviewed by other branches of WPB, and until they are finished, Don Nelson will not have an opportunity to do anything one way or another.

Accordingly, I am reporting no real progress as far as the WPB is concerned in setting up new facilities.

TO:

156

Secretary Morgenthau

Here is a draft on a fiscal policy speech, tied to the testimony on raising the debt limit.

I am not yet satisfied, but would like to have you read it and get some ideas.

FS

Fred Smith
Room 290½

Gentlemen:

I am here today to request an increase in the debt limitation from 210 billion dollars to 265 billion dollars.

This is the fourth time since the outbreak of the second World War that we have had to raise our debt limit. On January 29, 1941, I pointed out to this Committee that the debt limitation of 45 billion dollars would be dangerously depleted early in that year, and asked that the limit be raised to 65 billion dollars. Through H.R. 2653, this was done.

On March 13, 1942, I spoke to you in support of Bill H.R. 6691, which raised the debt limit from 65 billion to 125 billion.

Last year, the cost of the war was still mounting. There was an accelerated need for equipment and for large and well trained fighting forces. By this time forty percent of our total economy had been turned into war channels to pay the mounting costs of war. We were faced with a need for vastly more borrowing, so it became necessary to raise the debt limit again, this time to 210 billion dollars.

Today the cost of the war is still mounting. In the first three months of this year, we have had to spend 23 billions -- more than 7 billions a month. A great -- and expensive --

- 2 -

invasion lies ahead. It will be necessary to borrow more money this year than ever before. Therefore, I am asking that the debt limit be raised to 265 billion dollars to see us through the fiscal year 1945.

This is in accordance with the President's Budget message, delivered on January 10 of this year. He said then:

"By June 30, 1944, the public debt is expected to reach 198 billion dollars, and a year later, 258 billion dollars. Even higher totals will be reached if advance financing builds up cash balances. In any case, it will soon be necessary to request legislation authorizing a further increase in the debt limit from the present level of 210 billion dollars."

The President's Budget estimates were based on revenue legislation in effect last January, which of course were changed by the Revenue Act of 1943. I should mention, however, that the resulting revisions do not greatly affect the total revenue yield or the debt position. Taking into account the increase in tax revenues and assuming that the Budget estimates of expenditures do not require revision at this time, the gross public debt on June 30, 1945 would amount to slightly more than 253 billion dollars, a decrease of something under 3 billion dollars compared with Budget estimates.

In view of the increased need for money to finance the war, we have no choice but to raise the debt limit to accommodate our necessary borrowing. But in requesting that this be done at this time, I should like to have an opportunity to review with you some of the policies under which the financial affairs of this Government are conducted.

The ten years that I have been Secretary of the Treasury have been the most active ten years from the standpoint of finance, in the history of our country.

We have faced problems, during these ten years, that never before beset this nation; and we have endeavored to solve these problems, rather than wait for time to solve them for us.

In arriving at solutions, or partial solutions, we have had to expend substantial amounts of money.

The first problem that demanded action at the beginning of Mr. Roosevelt's administration was the stabilization of the Nation's entire financial system. On March 6, 1932, you will recall that it was necessary for the President to declare a financial holiday; and immediately thereafter it became necessary to fortify the financial system so that we could resume our normal business affairs.

Some time after this, we were faced with a desperate agricultural problem. For a variety of reasons, our farmers, being unable to keep financially afloat, were losing their

farms; but what was more important, a steady influx of farmers into the cities seemed destined to place the Nation's entire agricultural activity in a dangerous position. Our food sources were being jeopardized. Had we permitted this to continue, we should never had been able to carry ourselves through this war period; we, like many other nations, would have faced the possibility of food famine. To turn the tide in this matter, required that the Government invest approximately billions of dollars, largely on the basis of our faith in the American farmer. The fact that all of the money invested in this way has returned to the United States Treasury has shown that our faith was justified.

During the course of the recession, in which unemployment was rife, and the country was far nearer some sort of revolution than it has been since 1860, it was necessary to take relief measures, ~~which~~ which again were expensive. And despite the criticism -- some of it thoroughly justified -- I believe we all agree that the net result of this effort was that the country withstood a great shock, and was able to recover from a blow which threatened, at one time, to crash the very structure of our nation's economy.

I am reviewing these events for only one purpose: To call to your attention that all during this time, our financial


system has remained steadier than that of any of our neighbors, and has remained in a condition which can only be explained as "quite healthy."

This has been due, in a great measure, to the way in which the Congress has supported our request for substantial tax increases down through the years. And it is due, in no small part, to the plain blunt fact that we have maintained hard-headed financial policies in the Treasury.

But all of these costs of Government up until the time of the present war were small compared to the financial demands necessitated by the war effort. If the war had come upon us without our being ready for this vastly expanded need for financing, I shudder to think what might have happened. As it is, we have fortified our policies since Pearl Harbor, with four tax bills which have greatly increased the Government's receipts from tax sources. I have consistently recommended curtailment of unnecessary Government expenses, and I am continuing to do so. At least partially because of the urging of the Treasury Department, several agencies of the Government, which had grown up during the depression, have been discontinued. At the present time, and at the suggestion of the President, the Department of the Treasury and the Department of the Budget are seeking new ways to economize without damaging the war effort.

Since Pearl Harbor, the war has cost billions. Of this, we have raised billions in taxes, and the rest we have borrowed. The people of the country, under the voluntary War Bond plan, have loaned billions of this; corporations and other large investors billions; and we have borrowed billions from the banks.

Obviously, there is no way to tell how much longer this war will last. We can hope for a short war; we can hope that resistance in Europe will be beaten back until it collapses yet this year -- but



- 4 -

that is only a hope and it often looks like a thin hope. Things are not going as well as they might in Italy, and we have no reason to be complacent about things going as well as they should on the dozen other fighting fronts which will have to be developed this year. The course of wisdom allows, therefore, only one thing: We must tighten our belts and plan to fight indefinitely. This is the attitude that we have in the Treasury. It is the only attitude we can afford to take.

Furthermore, even the cessation of hostilities will not mean the cessation of expenditures. If the war were to end today on all fronts, there would be more than 75 billion dollars in war contracts outstanding, on which deliveries have not yet been made. Cancellation of these contracts would entail huge termination costs. The government would be required to pay for all completed materials on hand, which of course would be practically worthless on a reclamation basis. Materials and equipment still in process would likewise be worthless, but the contractor would have to be paid for the time expended. Finally, huge quantities of raw materials would exist in factories throughout the country, much of which might be reclaimed. There would be the costs involved in this reclamation, and in the re-sale of surplus war goods.

Then there would be the overall costs of rehabilitation of American economy. This last cost is, of course, impossible to project with any degree of accuracy. We do not yet know the extent of the problem, much less the extent of the solution. We know that normal peace-time industry is, perhaps, 80% dislocated and that its remobilization for peace will be expensive -- and the government must be ready to underwrite this project if we are to avoid extensive unemployment. We know that 10% of our entire population has migrated during the war, chiefly to points which, in pre-war times, were not necessarily large centers of employment. What will happen to these people when war production stops, and what will be the government's obligation in that connection? Some ten million members of the Armed Forces will return after the war, and no effort can be spared to get them back into the economic system in such a way that they will be able to maintain themselves. There is no telling what the cost of this will be. Concerning demobilization, we can be sure of only one thing: Mustering out pay, under the legislation recently passed, will amount to upwards of billion dollars, and in addition to this we will have the extensive costs of hospitalization and the general care of disabled veterans. All these are considerations of post-war financing which must be considered now -- must be a continuation, really, of our war financing program, and subject to the same policies set up to finance the war.

There are two basic factors in War Finance as we see it: First, we must raise sufficient money and have it ready when the bills for the war come due; and, secondly, we have got to distribute the load of these costs as quickly and as equitably as possible and with a minimum of jeopardy to our economic system, to business and commerce, to the lives of our individuals. I don't mean by this that we have it in our power to make it easy for individuals to pay for the war, nor that we can spare industry and our economic system from severe dislocation. This certainly is not the case. A nation cannot spend billions and go in debt to the extent of more than two hundred and fifty billion dollars, and incur a great bulk of this debt in three consecutive years, and still maintain a normal life.

The Treasury's first problem, of course, is getting that huge amount of money. It has to be secured somewhere.

We have three possible sources:

- (1) Taxes
- (2) Borrowing from banks
- (3) Borrowing from the economy -- that is, absorbing it through loans from individuals, corporations, life insurance companies, savings banks, and other large investors.

The ideal source of War Finance is taxation. Money secured through taxation is unentangled with any government obligation. There are no interest charges. There is no necessity to maintain a reservoir of funds to guarantee repayment. To the extent that money is raised through taxes, there is no question of postponing the final day of reckoning, nor of redistributing the costs of war at some later date. The costs of levying and collecting taxes are comparatively small. In time of war, it is sound fiscal policy to raise as much money as possible through taxes, and this I have made every effort to do.

However, there are a great many limitations in levying taxes which must be recognized. For one thing, it is extremely difficult to levy taxes equitably in such amounts as we need and should get by this method.

In 1941, the year of Pearl Harbor, the Government was receiving 7.6 billion dollars in taxes and other receipts. In 1942, the nation's receipts had gone up to 12.8 billion dollars. Last year Government receipts were 22.3 billion dollars. This year (1944) we anticipate 41.2 billion dollars. To be sure, this represents an extremely rapid rise, particularly when it is considered that the dangers of inequity become increasingly great as the amounts increase. And yet it was highly gratifying to notice in a Gallup survey released last month that ninety percent of the people in the nation believe that

their present tax bills are just and reasonable. That speaks well for the equity of our present tax structure; but I am sure it speaks even better of the spirit of the American people in this crisis.

From a statistical point of view, there is still a great deal of cash in the American economy for additional taxes. Our national income last year was 145 billion dollars. Out of this, the American people invested billion dollars in Bonds, billion in the banks, invested billion in life insurance, otherwise invested billion, and the rest they had on hand or kept in cash and checking accounts. It would seem an easy matter to decrease this amount of cash and expenditures by levying additional taxes. Indeed, it would be a very advantageous thing to do from many angles -- among other things, it would help the stabilization program. However, the individual conditions of taxpayers vary so widely that it is most difficult to levy the maximum tax on the average taxpayer without causing extreme hardship in some quarters, on the one hand, or without letting others get off far too lightly. Yet, when we are dealing with fifty to sixty million taxpayers, we must deal in averages, or else make the taxpaying system so highly complicated that it becomes unwieldy if not impossible for both the taxpayer and the Department of Internal Revenue.

Whether or not we have reached the maximum number of people and secured the maximum amount of money through taxation under existing legislation, is a matter of opinion. If we have, then our war expenditures in the fiscal year 1945 will create a deficit above taxes and other government receipts such as Customs, etc., of 59 billion dollars.

There are two ways to finance this deficit. One is through borrowing from the banks, and in the past, we have on occasion had to do this. However, there are serious inflation liabilities involved in too much bank borrowing, and we have made it a point to decrease the amount of money secured in this way as rapidly as possible. In 1941, we borrowed % of our money from the banks, and % we secured outside the banks. In 1942, % came from the banks, and % from other sources. In 1943, % came from the banks, and % from other sources. If our present plans work out, in the first six months of this year we will have borrowed % from the banks, and % from other sound sources.

From this it can be seen that we have improved the health of our borrowing even as the extent of our borrowing increased: for we have come to depend more and more heavily upon absorbing money from the existing economy -- particularly we have been getting it from the people themselves. I might say that we have a far better record on this score than any of our Allies.

Next to taxation, borrowing from the people and from corporations is the soundest way to get money; for, like taxes, this takes money out of circulation, and assists in economic stabilization. To the extent that we are able to absorb this money, just to that extent, the fatal inflation spiral, which is a constant danger in a war economy, becomes increasingly less a threat.

In keeping with our program of increased borrowing from sources other than banks, we have continuously stepped up our voluntary system of War Bond selling.

This system is not perfect. It has several flaws. Yet on the whole, it has been successful far beyond our fondest hopes.

It is my feeling, and the feeling of many people in Government and in Congress that the voluntary system has been more effective than any other plan or combination of plans suggested up to this time. Occasionally there is considerable discussion about the advisability of compulsory savings. Its advocates hold that through compulsory savings everyone in America would be obligated to pay a share in financing the war, and of course, as far as it goes, this is true. The chief philosophical reason for wanting compulsory savings arises, it seems, out of discussions that defense workers with

pay checks larger than they are accustomed to, are on an orgy of inflationary spending. There is much evidence that this situation does not exist in as wide spread a manner as publicity indicates; but unquestionably it exists to a larger extent than it should. The question, however, is whether there would be any possibility of arriving at a compulsory savings system of sufficient magnitude so that it would make an impression on this kind of spending without causing bankruptcy among white-collar workers and those with fixed obligations. It seems to me that we would be faced with the same problems in creating a compulsory savings law as we must inevitably face in tax legislation; and it seems to me also that the amount of money available through compulsory savings, which is not available through taxation, is too small to be of any real help on the fronts where help is most needed. The advocates of compulsory savings seem to feel that a law of compulsion would take money out of the pockets of those not now contributing, but they overlook the fact that it might also -- and every evidence that we can gather points in this direction -- tighten up the people's pockets who are now contributing generously. Accordingly, we have successfully resisted the compulsory savings project because we feel sure that in the end we would be required to borrow more money,

rather than less money from the banks.

The voluntary system of helping to finance the war has one great practical advantage: those who have the most money have an opportunity to put it to profitable use and help finance the war at the same time; while those on fixed incomes and with fixed obligations, who have little lee way, are not unduly hard pressed. And we know beyond doubt that those who are making extra money because of the war are actually putting a larger percentage of their money into the war than those who have not received any financial advantage during the war.

We know, because of our records of Payroll Savings (which system, by the way, now serves 5/6 of all the people on a payroll in the United States, and brings into the Treasury approximately a half billion dollars each month) that those plants chiefly concerned with war industry have by far the best records.

In connection with this, let me say that the Treasury considers itself the trustee for the inexperienced investor who purchases Government securities primarily to help his country in time of stress, and this has been the most important factor in determining the nature of the bonds issued. The investor is placing his faith in his Government that the securities he purchases are sound investments, and that steps have been taken to prevent loss to him such as he suffered in the last war.

For this reason, the Treasury Department's appeal to small investors has been confined to Series E Savings Bonds, which are non-negotiable and payable on demand 60 days after issue date. They are guaranteed against fluctuations in market value, and if held to maturity their investment yield is 2.9%, the highest obtainable on any United States Government security.

In our plan for borrowing to make up the deficit, a most important consideration is, of course, the stability of interest rates. Money has been the most stable commodity in this nation throughout the war. Rates of interest have not fluctuated, nor increased during the course of the war, as they did during the last war. I believe the results which have been obtained are attributed to our policies in war finance, and will contribute immeasurably to the stabilities of the economy in the post-war period.

On June 30, 1940, when the defense finance period started, the average rate of interest on the entire public debt (including guaranteed issues) amounted to 2.51%; by June 30, 1943, this average rate on the entire debt had fallen to 1.98%. The average rate on all new borrowing during this period amounting to 1.73%, despite the fact that over 95% of this borrowing -- all of it since February 28, 1941 -- had been accomplished by the issuance of taxable securities. This compares with an average rate of 4.25% on borrowing during the last World War,

when it was necessary to increase the interest on each successive borrowing and when all of the securities issued were either wholly or partially tax exempt.

Another factor which I should mention in connection with our borrowing policies is our insistence upon short term obligations.

In order to maintain liquidity of the banking system, about half of the 40 billions of Government securities sold, on net balance, to the banking system during the three years ended with the fiscal year 1943, consisted of bills and certificates with a maturity not exceeding one year; and, since February 1942, the Treasury Department has offered to commercial banks, for the investment of their demand deposits, no securities with a maturity on original issuance longer than ten years. I am confident that these measures have preserved and increased the liquidity of the banking system, and have placed it in an essentially strong position to deal with the problems of the post-war period.

Not alone on the Domestic front, but on the international front, the war has stepped up the responsibility of the United States Treasury to a point far ahead of anything in history,

and has demanded the formulation of rigid policies to protect American interests and American economy, without interfering with war requirements.

The United States is committed to be the arsenal of Democracy; and to a large extent this means the financial arsenal, as well as the production arsenal.

When the war began, we recognized the necessity of financing, to a large extent, the defeat of the Axis powers. Our problem -- and I can assure you that we spent a great deal of time and effort on this problem -- was to handle this financing in such a way that we would not win the war and lose the peace through unnecessary national and international economic disturbances.

In previous wars, the precedent had been set for out and out lending of American dollars to other nations, although in the past the debts were wholly or partially repudiated at the war's conclusion. How much of this repudiation could be charged up simply to refusal to pay, and how much to actual inability to pay, was a philosophic consideration in which we had no time to become interested. The hard, cold facts seemed to be that as the Axis stepped up its war program, our Allies needed equipment which we were in a position to build; they needed food which we had; they needed relief which we could provide.

We knew that our own salvation was irrevocably entangled with what we did on these fronts. In short, we had no choice but to do everything within our power, as rapidly as possible, or take a long and not very good gamble on ultimate victory.

The first procedure we set up in lieu of straight loans as you all know, was lend-lease. Through this device, we have kept our Allies supplied with all it takes -- in addition to the lives and fighting capacity of their soldiers -- to win the war.

Our Allies built no debts to be repudiated, but they did have original produce and raw materials which we need. Accordingly, we created the idea of reversing lend-lease, to help keep dollar balances down. This made of lend-lease something of a barter arrangement, and -- so far as it goes -- it has been quite successful. From Great Britain we have received materials and goods valued at billion dollars, against our lend-lease shipments to them aggregating billion dollars. Reverse lend-lease from Britain is stepping up, but on the other hand, it is difficult at this point to ascertain how much of reverse lend-lease materials will eventually come from the British. And, of course, there will some day be a final settlement. I might refer in that connection, to the Canadian Government, which has bought and paid for billion dollars

worth of lend-lease material shipped to them, and for airports and other construction projects which we built out of self-protection, but which the Canadians will henceforth use as their own. As a result of this, our lend-lease balances to Canada, which have been as high as billion dollars in the past, now stand at approximately billion dollars.

In connection with vital post-war international reconstruction, upon which the health of our own economy depends so heavily, the Treasury has been working with the technicians of 35 nations to establish a plan, subject to adoption by Congress, for monetary stabilization, and for an international bank to underwrite industrial expansion, and consequently protect employment here and in the larger nations of the world. These are two of the most important steps that have ever been taken, in all history, to establish and preserve America's place as a world leader. The ultimate result of these plans, if put into operation, should be to reduce the dangers and liabilities warring nations have faced in every period of reconstruction since time and wars began.

The preliminary work on stabilization -- and all the work that has been done to date is preliminary -- is an effort to prepare a remedy beforehand for a difficulty that seems certain

to strike when the war is over, or before.

When the economies of various countries began to shudder under the strain of approaching war, we anticipated that world reconstruction would be very difficult if all the moneys of the world had no common denominator and if there were no basis for international cooperation. If we were to come out of the war with a sound dollar and all other nations were bankrupt and their exchange were fluctuating in a disruptive manner, the soundness of our dollar would be a virtue in a vacuum.

With the war spreading to every nation of consequence in the world, it will be extremely difficult to avoid a breakdown of international economic relations.

In an effort to find a solution to this problem -- and unless a solution is found, the reconstruction, restoration of a prosperous level of world trade and the establishment of sound monetary systems will be delayed indefinitely -- our technicians began exploratory conversations with technical representatives of other nations.

I should like to point out that we already have, in this country, a Stabilization Fund to protect the value of the dollar abroad, and to make it difficult for foreign currencies to be manipulated to the great detriment of the American economy.

This Stabilization Fund, which has been functioning for nine years with complete success, was the real foundation of

the present International Stabilization Fund idea -- an idea which later was picked up by Great Britain, Canada, and other nations, and made the starting point of international stabilization plans by their technicians.

Through the use of this fund, the American Government, on many occasions, has invested temporarily in foreign currencies for Stabilization purposes.

In all of the nine years that this fund has been in operation, the United States Government has not lost a cent.

Also at the root of our Stabilization idea was another experience which has proved successful: The establishment of the Tripartite arrangement with the Governments of England and France. The Governments of Belgium, the Netherlands and Switzerland also held to this agreement. This was successful until the outbreak of war made it impossible to continue for obvious reasons.

The present International Stabilization plan is a combination and extension of these two tried and proved methods of Stabilization, and the possibilities of agreement by the technicians of all the nations involved looks, at this point, very good. We have made great progress since the project was first started.

In January of 1942 the Ministers of Foreign Affairs of the American Republics, meeting in Rio de Janeiro, recognized

the need for a greater degree of cooperation in the Stabilization of currencies. Accordingly, they adopted a resolution recommending:

(1) That the Governments of the American Republics participate in a special conference of Ministers of Finance or their representatives to be called for the purpose of considering the establishment of an international stabilization fund.

(2) That the conference in considering the establishment of such a fund shall formulate the plan of organization, powers and resources necessary to the proper functioning of the fund, shall determine the conditions requisite to participation in the fund, and shall propose principles to guide the fund in its operation.

Following this conference, an American technical committee was set up to pursue the subject further. Represented on that committee were the Treasury Department, the State Department, the Department of Commerce, and the Board of Governors of the Federal Reserve System, and the Board of Economic Warfare. This group prepared a tentative proposal which, in March, 1943, I sent to the Ministers of Finance of the United Nations for study by their technicians.

On April 5, I reported to seven committees of the House and Senate on the progress of this study, even though it was

then in its infancy, so to speak. At that time, I pointed out that:

"In each country acceptance of a definitive plan can follow only upon legislative or executive action."

Following the April 5 report, there were many meetings of the technical experts of various countries. By fall, the technicians had made enough progress so that a revised proposal could be prepared. I again reported to the committees in the House and the Senate.

I pointed out that the obligations a country assumes under this proposal are no more than a country voluntarily imposes on itself when it pursues a policy of exchange stability and refrains from resorting to discriminatory exchange practices. Beyond that, there is only the duty of consulting and agreeing before altering exchange rates, an extension of the principle that we have embodied for years in our own stabilization agreements.

I told the Committee that our discussions with the experts of various countries were unofficial and confined to the technical level. No Government, including the United States, was then or is now committed to any of the tentative proposals for international monetary cooperation that have been presented by the experts.

The entire project is still at the level of various government technicians. A group of technical men from Russia has just completed discussions of the matter with the American technicians at the Treasury. When a recommendation has been agreed upon by these and other technicians, a formal meeting will be held by accredited representatives of the various governments and following that, the various legislative bodies will decide upon what action to take.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE April 5, 1944

TO Secretary Morgenthau

FROM Mr. White

Subject: Reminders and Notes

1. Mr. Crowley and Mr. Currie want to discuss with you the possibility of appearing before the Senate Committee on Banking and Currency to explain to the committee a possible way of handling FEA sales to the Special Fund of the Army of local currency which they obtain from the sale of relief supplies to Italy. They regard this matter as urgent. We had a large meeting in Mr. Bell's office last week on this matter and you will want to talk with Mr. Bell and myself before making a decision on this point.

2. The reply to Madame Chiang Kai-shek's letter to the President of February 17 awaits your action. We have cleared the draft of the letter with the State Department.

State Department wants to make certain that you inform the President when you see him on the Chinese matter that military considerations -- according to General Somervell -- outweigh the economic consequences of the large expenditures.

3. We have not yet received a reply from the Combined Chiefs of Staff on the question of sending currency plates to Russia.

I understand that the letter sent to the Combined Chiefs of Staff is now being considered by General Hilldring's office. We learn also that the memorandum submitted to the Combined Chiefs of Staff was transmitted to the British in London. The British in their reply by-passed the question of sending the plates and reportedly stated that it would be very desirable to have the Russians use the same kind of marks as the Anglo-American Army, and proposed that we send them an adequate supply of notes.

4. The Bureau of Engraving has completed approximately 80 percent of the total order for military lira currency, 80 percent of the French francs on order, and over 25 percent

Comite

Division of Monetary
Research

- 2 -

of the mark order. The mark order will be completed in five or six weeks. The French want us to continue printing French francs for the future possible use of the French Comite. I'd like to discuss the request with you.

5. You wished me to remind you to examine the memorandum submitted to you several weeks ago on the proposed Russian credit in exchange for strategic materials.

6. The British have just purchased another \$50 million of gold in the United States today bringing the total purchased by the British this year to \$250 million. We are puzzled as to what England is doing with this gold. We can account for only about \$100 million or so. We have asked the British about it but have not yet had time for an answer.

7. The British Treasury has not yet given a decision as to whether they will not underwrite the lend-leasing of silver to India. Therefore, no progress has been made on the lend-leasing of the 90 million ounces (10 million, you remember, has been sent). The price of both silver and gold in India is rising substantially, due chiefly, however, to the progress of the Japanese Army into Indian territory.

8. At a meeting of the Board of Directors of the Export-Import Bank it was voted not to grant the \$4 million loan to the Dutch East Indies for the purchase of small ships. Mr. Crowley was quite in agreement with our position though Warren Pierson, President of the Export-Import Bank and State Department were not.

9. You wanted to discuss the memorandum on petroleum stocks in U.K. which Cox submitted to you on March 23.

10. We promised Landis that we would send somebody to the Middle East Conference of Finance Ministers, opening on April 24. I recommend sending Irving Friedman if we can. If you have doubts, I would like to discuss the matter with you.

April 5, 1944.

My dear Mr. Secretary:

There is enclosed copy of a letter which Secretary Morgenthau has signed and is sending to you from New York. However, in order to save time, I am sending a copy along so that the cable may go this morning.

Very truly yours,

(Signed) H. D. White

H. D. White,
Assistant to the Secretary.

The Honorable,
The Secretary of State.

Enclosure

HUN:ls
4/5/44

4/5/44 (9:55) Sent to Secretary Hull by
special messenger.

C
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P
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Dear Cordell:

I spoke to the President and he approved the calling of a monetary conference. He said that if it is to be held, he would like to have it held in May. In view of the shortness of time left, I should like to present the situation to the Chancellor of the Exchequer through a cable to Winant.

I want to thank you for your help in getting the President's approval.

Sincerely yours,

Secretary of the Treasury

The Honorable

The Secretary of State.

Enclosure

HDW:sm
4/4/44

Please send the following cable to the American Embassy, London.

"To Winant from the Secretary of the Treasury.

"Please call upon the Chancellor of the Exchequer and inform him of the following personal message from me. I should also appreciate it if you would supplement the message with an oral explanation of the urgent necessity for an immediate reply.

"1. The President has given his approval to the calling of a conference of the Ministers of Finance of the United and Associated Nations for the purpose of establishing an International Monetary Fund and a Bank for Reconstruction and Development. He has specified that if a conference is to be called, he wishes it convened during May. To do this, it is essential to publish the Joint Statement of recommendations within a week or so inasmuch as a minimum of five to six weeks must elapse between the publication of the Joint Statement and the convening of the conference. This period is needed both to prepare for the conference and to permit discussions of the Joint Statement in Parliament as requested by the U. K. experts.

"2. Before we can publish the statement, we must also have the acquiescence of the technical experts of some other countries. The U. K. technical experts have insisted that we do not show even a preliminary draft of the Joint Statement to the technical experts of other countries until its publication has been agreed between us. For this reason we need about a week between the day the U. K. experts agree to the Joint Statement and the date of actual publication.

"3. It is not my intention to try to influence in any way the decision of the Chancellor of the Exchequer on the recommendations of the technical experts. As the Joint Statement explicitly states the recommendations are solely those of the technical experts, and governments are in no way bound by them. My purpose is to inform the Chancellor of the Exchequer of the necessity for a prompt decision on whether or not the U. K. experts agree with the Joint Statement of principles.

- 2 -

"4. It is clear that unless we hear from the U. K. within a few days or so regarding publication of the Joint Statement we shall be unable to hold a conference at the time selected by the President. If it is not held then, there is no saying if and when a conference can be held. It is my hope, therefore, that you will let me know within a few days the decision on publication of the Joint Statement.

"5. If the Joint Statement is published promptly there would still be time for public discussions of the recommendations of the experts before invitations to the conference are issued. Under any circumstances, it is my intention to appear before the appropriate Congressional Committees soon to inform them of the status of the technical discussions. The precise date for issuing invitations and convening the conference could be settled soon after the Joint Statement is published."

NDW:EMB/jm 4/5/44

TELEGRAM SENT

188

This telegram must be rephrased before being communicated to anyone other than a Government agency. (BR)

April 5, 1944
10 p.m.

AMEMBASSY,
LONDON.

2651 - FOR THE AMBASSADOR

The Secretary of the Treasury has asked me to send to you the following message:

BEGIN QUOTE - Please call upon the Chancellor of the Exchequer and inform him of the following personal message from me. I should also appreciate it if you would supplement the message with an oral explanation of the urgent necessity for an immediate reply.

BEGIN INNER QUOTE 1. The President has indicated his desire to call a conference of representatives of the Governments of the United and Associated Nations for the purpose of establishing an International Monetary Fund and a Bank for Reconstruction and Development. He has specified that if a conference is to be called, he wishes it convened during May. To do this, it is essential to publish the Joint Statement of recommendations within a week or so inasmuch as a minimum of five to six weeks must elapse between the publication of the Joint Statement and the convening of the conference. This period is needed both to prepare for the conference and to permit discussions of the Joint Statement in Parliament as requested by the U.K. experts.

2. Before we can publish the statement, we must also have the acquiescence of the technical experts of some other countries. The U.K. technical experts have insisted that we do not show even a preliminary draft of the Joint Statement to the technical experts of other countries until its publication has been agreed between us. For this reason we need about a week between the day the U.K. experts agree to the Joint Statement and the date of actual publication.

3. It is not my intention to try to influence in any way the decision of the Chancellor of the Exchequer on the recommendations of the technical experts. As the Joint Statement explicitly states the recommendations are solely those of the technical experts, and governments are in no way bound by them. My purpose is to inform the Chancellor of the Exchequer of the necessity for a prompt decision on whether or not the U.K. experts agree with the Joint Statement of principles.

4. It is clear that unless we hear from the U.K. within a few days or so regarding publication of the Joint Statement we shall be unable to hold a conference at the time selected by the President. If it is not held then, there is no saying if and when a conference can be held. It is my hope, therefore, that you will let me know within a few days the decision on publication of the Joint Statement.

5. If the Joint Statement is published promptly there would still be time for public discussions of the recommendations of the experts before invitations to the conference are issued. Under any circumstances, it is my intention to appear before the appropriate Congressional Committees soon to inform them of the status of the technical discussions. The precise date for issuing invitations and convening the conference could be settled soon after the Joint Statement is published.**END QUOTE AND INNER QUOTE.** Please bring the substance of this message to the attention of the Foreign Office.

HULL (EGC)

FMA:EGC:ja 4/5/44

**BRITISH AIR COMMISSION**1785 MASSACHUSETTS AVENUE
WASHINGTON, D. C.


TELEPHONE HOBART 9000

PLEASE QUOTE

REFERENCE NO.

With the compliments of British Air Commission
who enclose Monthly Report No. 7 covering
Aircraft Flight Delivery as at March 31, 1944.

The Honourable Henry Morgenthau, Jr.
Secretary of the Treasury
WASHINGTON, D.C.


April 5, 1944.

REF. NO. 1-44
BRITISH AIRCRAFT NO. 7LOCATIONS OF OCEANIC FLIGHT DELIVERY AIRCRAFT
(Covering Movements through March 31, 1944)

	(1) FORTRESS (BAC-1/L)	(2) LIB. (BAC)	(3) HUDSON (BAC-1/L)	(4) VENT. (BAC)	(5) FL. BOAT (BAC-1/L)	(6) VENT. (L/L)	(7) BOST. (L/L)	(8) BALT. (L/L)	(9) B24 (L/L)	(10) B25 (L/L)	(11) B26 (L/L)	(12) TRANSP. (L/L)	TOTAL
UNITED KINGDOM	108	96	807	141	411	45	197	1	277	328	6	296	2713
MIDDLE EAST		5	95						38		48	32	218
WEST AFRICA									22			2	24
AUSTRALIA					27								27
SINGAPORE					9								9
INDIA									142			2	144
AZORES	1												1
OTU's IN CANADA			210	68		64			1	37		22	402
RCAP					28	1	1		15**				45
111 OTU									34	68			102
45 GROUP RAFTC		11	42	10	5				8				76
En route U.S. from U.K.					3								3
Acara, Taboradi, Rabat, or Freetown			91	135		275		981			96	304	1882
En route Overseas					2	8	1	29	18	1		6	65
Gander, Goose, etc.				1			7		12	5		2	27
Hazam or Bermuda (en route)					19	5		6	24		2	3	59
Special duty in Canada			1	1				4					6
Montreal				2	1	7	9		27	19	1	15	83
In Canada en route Montreal												3	3
CRASHED AFTER EXPORT			52	19	20	6	16	35	3	8	11	5	165
En route export	1					2	12	17	13	4	18	15	82
At Modification Center					42	22	15		154	1			234
En route Modification Center									6				6
Special duty in U.S.		2						4	1				7
CRASHED IN U.S.		1	28	5		1	2	15	4	2	7	1	66
DIVERTED TO U.S.		50	22	281*									353
TOTAL	112	165	1348	663	557(a)	436	260	1092	799	473	189	708	6802

* Including 15 returned under Req. BSC 41018 after use by U.S.A.A.F. for training, with 45 off DA-152 also under 41018 after A.A.F. training use. All 60 are included in Column 6.

** Later re-allocated to Canada by M.A.C. (AIB) under Req. CA-00076

(a) Reduced by 21 PBN's, 20 PBN's, and 25 PBZY-3's, returned to U.S. Navy.

PLANNING AND AIRFRAME SUPPLY
British Air Commission
Washington, D.C.

ALLIED FORCE HEADQUARTERS
Civil Affairs Office

FNA-Hoffman 90

5 April, 1944

Dear Dr. White:

You will be interested to know that Passigli, Commissioner for Foreign Affairs, has submitted the name of Couve de Murville as French representative on the Mediterranean Council. I was asked by a member of the political section whether, in view of the history of our relations with Couve de Murville, I had any comment to make or thought that any attempt should be made discreetly to persuade the French to change their nominee. I asked whether the American Mission here or the State Department had to approve of the French nomination and was told that they did not in any formal manner. I said that I had no comment to make as long as Couve de Murville was being given an assignment which did not involve his dealing with us or with the Treasury.

The assignment has not yet been announced. If it is made effective, it would appear to indicate that Couve de Murville had succeeded in maintaining his position in some part at least with the Comite, and has succeeded in weathering the operation for the time being at least.

Sincerely,

Michael L. Hoffman
Michael L. Hoffman
Chief, Finance and
Control Division,
H.A.C.B.

Dr. Harry D. White
Assistant to the Secretary
Treasury Department
Washington 25, D. C.

TREASURY DEPARTMENT
Washington

192

War Finance Division

April 5, 1944

Mr. John W. Pehle
Executive Director
War Refugee Board
Treasury Department
Washington, D. C.



Dear John:

Coming to Washington the other day, I realized I hadn't followed up on my earlier note to you. I, therefore, jotted down some suggestions that occurred to me and which I pass on to you. Some are obvious, others, perhaps, unsound and, perhaps, none of any great use. But here they are:

The refugee problem is mainly a problem of rescuing Jews in Central Europe from systematic persecution, torture and death.

From a public relations or propaganda point of view therefore the problem is inextricably bound up with that of Anti-Semitism. The causes of racial prejudice are diverse and complex. They are a compound of historical residues, social myths, economic insecurity, prestige-hunger, frustration, misinformation, and, in some cases psychopathic obsessions, to mention but a few.

It is obvious, however, that the rescue of Jewish and other refugees cannot wait upon the extirpation of racial prejudice.

It is equally obvious that no realistic approach to the problem is possible which fails to take account of the existence of anti-semitism not only in Europe but in other countries, including the United States.

Anything, therefore, which helps to disarm, silence or by-pass the anti-semites should make the job of the Refugee Board less difficult.

It is therefore necessary to inquire how far the anti-semites can be disarmed and by-passed by the terms in which

the refugee problem is discussed. The following are suggestions looking toward this.

1. Emphasize the non-urban refugee as much as possible. Agriculture continues to be a strongly affirmative symbol. Jefferson's notion that the chosen people of God are those who live and labor on the land is part of the folk culture of western civilization. Moreover, the Jew has been for centuries identified with the city. Indeed Lewis Browne in his book on the causes of anti-semitism (see How Odd of God) attributes it in no small measure to the reaction of the rural dweller against the city and of rural values against urban. Jews have suffered from this identification and hostility.

2. Emphasize the child as the victim of Nazi persecution. Even anti-semites are sensitive to the suffering of children. Tests of reader interest show that children are near the top. The child is one of the most incontrovertibly plus symbols in western culture.

3. Personalize the problem. Stories of how hundreds of thousands are suffering are often less effective than stories of how one individual or one family suffers. People generally will read of a holocaust that takes the lives of thousands with more equanimity than they will read of the suffering and death of one person. Black Beauty, Uncle Tom's Cabin, Grapes of Wrath and countless other cases could be cited. The individual can become the symbol for thousands in a way that thousands can never come to symbolize the individual.

4. Identify the refugees with the United Nations rather than with the enemy. Stories showing how the persecuted people of Europe fight for freedom should help.

5. Fear of retribution may be an effective appeal under certain circumstances but, generally, people react more quickly to promised rewards than to threatened punishments. Hence a suggestion that the terms of settlement may be mitigated in return for a demonstrable change in policy with reference to the Jews and other persecuted peoples may have more effect than threats of hell fire and damnation.

6. Emphasize the contribution which refugees already admitted to this country and to England have made toward the war effort. Give less attention to refugee actresses, actors,

writers, etc. and more to inventors, scientists and specially skilled workers and farmers, if possible.

7. Organizations supporting the work of the Refugee Board should, so far as possible, be representative of all major American groups - and not exclusively of Jewish or non-Jewish groups.

8. Make clear that Nazi persecution of racial minorities is part of the Nazi war against Christianity, democracy and freedom.

Use Konrad Heiden's thesis that the Protocols of the Elders of Zion, the so-called bible of anti-semitism, is not only a fake and forgery but what is more important that it is in effect a rough blueprint of the very methods employed by the Nazis in their war against western civilization.

9. Point to the fact that America, with its polyglot population, simply cannot endure as a nation on any other basis than that of racial toleration. But, in doing so, emphasize our tradition not as a "melting pot" but as the "homeland of humanity".

10. With reference to Germany itself and the Axis satellites - propaganda can serve only as a support or supplement and never as a substitute for military action. Threats of punishment or of punitive peace terms, or for that matter, promises of more lenient treatment, that come in the wake of Allied military and naval advances will be more effective than if they follow Allied reverses.

I personally would doubt the effectiveness of the appeals made on behalf of Jewish and other minorities by President Roosevelt and Mr. Eden to Axis collaborationists in Hungary on the heels of Nazi occupation. To make more moderate treatment of these minorities a sign and symbol not only of non-cooperation with but resistance to the Nazi regime - at the very time the Nazi armies are moving in, may well prove to be a boomerang. Under such circumstances, Axis collaborationists might well intensify their persecution, if for no other reason than to prove their loyalty to the Axis and thus save their own skins. This is badly stated but I hope you can get what I'm trying to say.

- 4 -

11. Emphasize always and in every way that the life and happiness of every one in Axis countries, in the satellite nations and in the United Nations - are bound up with the life and happiness of these persecuted minorities. This means simply everlastingly to make clear that these are human beings and, as a great Jew once said "Even as ye have done it unto the least of these, ye have done it unto me." I mention this because Howard Odum in his recent book on Race and Rumors of Race points out that the average Southerner's attitude toward the negro is based fundamentally on his assumption that the negro is not really a human being. The anti-semite, similarly, seems to assume that in some mysterious way Jews are different from other humans. This is not new, of course - see Shylock's soliloquy in The Merchant of Venice.

Sincerely yours,

(signed) Peter

Peter H. Odegard

Mr. J. E. ... (Room) ... Treasury (Sigs.)
 (2) (Room) (Sigs.)
 (3) (Room) (Sigs.)

Newspapers carrying Grafton's column have a total circulation of more than 4,000,000 copies.

The Jewish Morning Journal of New York is running a story today based on Grafton's column and liberally quoting from it.

From... I. H. Weinstein 4/6/44 (Date)
 301 (Room) (Sigs.)



I'd Rather Be Right

By Samuel Grafton

FREE PORTS FOR REFUGEES: A "free port" is a small bit of land, a kind of reservation, into which foreign goods may be brought without paying customs duties. There is one in the New York City area. Goods brought into it from overseas are destined either for transshipment to other countries, or for temporary storage. Such goods may even be processed while they are in the "free port"; manufacturing operations can, and are, carried out on them. Or the goods may just sit there for a while, giving their owner time to brood.

If, eventually, he decides to bring the goods into the country proper, he merely pays the normal customs duties, and the stuff may enter.

A Place to Sit Down

A free port is a place where you can put things down for a while, without having to make a final decision about them. The few acres which constitute a free port are well guarded, so that nobody will smuggle a pair of alien garters or a foreign fry-pan over the boundaries, in defiance of the tariff laws.

Why couldn't we have a system of free ports for refugees fleeing the Hitler terror?

Obviously, we need a place where we can put refugees down, without making final decisions about them, a place where they can be stored and processed, so to speak, without creating legal and political problems. Of course, it shouldn't be against the law, exactly, to bind up a wound in such a free port, or to give somebody a drink of water.

The need is for reservations of a few acres here and there, where a man who has been running for ten years can sit down and catch his breath, and where somebody can tell a story to a frightened child; a few reservations where it would be possible for those who cannot satisfy the requirements of law to rest a bit, without violating the law. We do it, in commercial free ports, for cases of beans, so that we can make some storage and processing profits; it should not be impossible to do it for people.

As if They Were Ships

Let us look upon these refugee free ports as if they were moored ships, ships of land. Anyone who would step over the boundary of the free port into the country proper should be made to satisfy all requirements of immigration law, precisely as if he were proposing to come ashore from a ship. But surely it should not baffle our ingenuity to find some legal way in which to grant a stateless woman the comparatively small bit of room which she needs in order to deliver a baby.

Of course, I am a little ashamed to find myself pandering to anti-refugee prejudices even to the extent of saying yes, pile the legal disabilities on them, give them no rights, store them like corn, herd them like cattle—but the need is so sharp, the time is so short, our current example to the world is so bad, that it is necessary to settle for whatever can be done.

And something can be done. It should not be really necessary to beg, storm and plead for a few reserved acres in which, without creating legal or political problems, a man can be allowed to die without filling in all his papers, or in which a baby can drink a glass of that strange white stuff which an older European generation knew as milk.

Otherwise, a Snicker

If we set up a system of refugee free ports, our fine new War Refugee Board can then properly appeal to other countries to do the same. If we do not go at least that far, the Board will be answered with a snicker should it make such requests of other lands.

The refugees, Jewish and other, ask only for a few fenced-in acres of poorest land in America. They don't want to keep it. They just want to sit on it until they can go home again. They are letting us off more easily than does conscience itself, for they don't even ask that we do our best for them. They plead for our worst.

the

New York Post, New York City
Binghamton Press, Binghamton, New York
Chicago Sun, Chicago, Illinois
Charleston Gazette, Charleston, West Virginia
Louisville Courier-Journal, Louisville, Ky.
Nashville Tennessean, Nashville, Tennessee
Washington Star, Washington, D.C.
Detroit Free Press, Detroit, Michigan
St. Louis Star Times, St. Louis, Missouri
Newark Evening News, Newark, New Jersey
Atlanta Journal, Atlanta, Georgia
Kalamazoo Gazette, Kalamazoo, Michigan
Daytona Beach News-Journal, Daytona Beach, Florida
Utica Observer-Dispatch, Utica, New York
Seattle Star, Seattle, Washington
Las Vegas Tribune, Las Vegas, Nevada
Charlotte News Charlotte, North Carolina
Emporia Gazette, Emporia, Kansas
The Daily News, Los Angeles, Calif.
Michigan Daily, U. of Michigan, Ann Arbor, Michigan
The Daily Republican, Mitchell, South Dakota
The Times, St. Petersburg, Florida
Wilmington Star, Wilmington, Delaware
Boston Globe, Boston, Massachusetts
The Telegram-News, Lynn, Mass.
The Independent, Long Beach, Calif.
The Daily News, Springfield, Ohio
News Leader, Richmond, Virginia
Gardner News, Gardner, Mass.
The Independent, Richmond, Calif.
The Jewish Post, Indianapolis, Indiana
Zanesville Signal, Zanesville, Ohio
The Journal, Jacksonville, Florida
The Beacon Journal, Akron, Ohio
The Daily Gazette, Berkley, Calif.
The Miami Herald, Miami, Florida
Citizen Times, Asheville, North Carolina
Philadelphia Record, Philadelphia, Pennsylvania
St. Paul Dispatch Pioneer Press, St. Paul, Minn.
███ Berkshire Evening Eagle, Pittsfield, Mass.
The Daily Journal, San Diego, Calif.

AMERICAN FRIENDS SERVICE COMMITTEE
Twenty South Twelfth Street
Philadelphia 7, Pennsylvania

April 5, 1944

President's War Refugee Board
Washington, D. C.

Attention: Mr. DuBois

Dear Mr. DuBois:

I am enclosing herewith a copy of the cable received from
Sir Herbert Emerson mentioned in our conversation yesterday.

I would greatly appreciate any comments which you may wish
to make on this.

Very sincerely yours,

/s/ Clarence E. Pickett

Clarence E. Pickett
Executive Secretary

CEP/BER
Encl.

Cable to AFSC from Herbert Emerson, Director, Inter-Governmental Committee, London (paraphrased by Department of State, as transmitted through official channels):

March 21, 1944
Rec'd. 3/30/44

CLARENCE PICKETT

THE VICE DIRECTOR OF THE INTERGOVERNMENTAL COMMITTEE, PATRICK MALIN, IS IN NORTH AFRICA ON TOUR.

HEATHCOTE SMITH, FORMER BRITISH CONSUL GENERAL, ALEXANDRIA, IS NEW REPRESENTATIVE OF INTERGOVERNMENTAL COMMITTEE IN ITALY. HE IS WORKING ON PROBLEMS OF DISPLACED PERSONS WITH ALLIED CONTROL COMMISSION.

WHILE IN CAIRO, MALIN HAS TAKEN INITIATIVE TO SUGGEST THAT HOWARD WRIGGINS SHOULD ASSIST HEATHCOTE SMITH IN ITALY WITH THIS WORK, UNDER AUSPICES OF INTERGOVERNMENTAL COMMITTEE.

THE NECESSARY APPROVAL OF ALLIED CONTROL COMMISSION COULD BE OBTAINED, MALIN BELIEVES.

MALIN FURTHER CABLES THAT SUBJECT TO YOUR APPROVAL WRIGGINS IS WILLING AND COULD TAKE OVER BY APRIL FIFTEENTH.

SUCH AN ARRANGEMENT WOULD GIVE YOU A FOOTING IN ITALY FOR YOUR WORK AND WE WOULD WARMLY WELCOME IT.

THE POSSIBILITY OF MEETING VAIL IN NORTH AFRICA HAS BEEN SUGGESTED BY MALIN.

I DO NOT KNOW WHERE VAIL IS.

COULD YOU KINDLY CABLE HIM TO CONTACT MALIN IF HE IS IN NORTH AFRICA?

WRIGGINS' SALARY AND OTHER EXPENSES WE WOULD PAY GLADLY, BUT IMAGINE YOU PREFER TO BE RESPONSIBLE FOR THIS AND TO REGARD WRIGGINS AS WORKING UNDER THE WING OF INTERGOVERNMENTAL COMMITTEE BUT AS IN YOUR SERVICE.

I HAVE HAD BENEFIT OF JUDKIN'S CONSULTATION AND ADVICE AND THE PROPOSAL IS SUPPORTED BY HIM.

A VERY EARLY REPLY WILL BE APPRECIATED.

HERBERT EMERSON

W.T. 1524/36/44

BRITISH EMBASSY
WASHINGTON, D. C.

April 5th, 1944.

Dear Mr. Pehle:

With reference to my letter of March 23rd on the question of the possible divergence of Greek relief ships in order to pick up Jewish refugees from Roumania, we have now had further comments on this suggestion from London and Stockholm.

The Ministry of Economic Warfare point out that the schedule for Greek relief has been so precarious that even a small loss of tonnage might leave a gap in deliveries just when this could not be afforded. However, they anticipate that the position in this respect may soon become easier as a result of the addition to the Greek relief fleet which we understand has now been sanctioned by the Germans. They consider, and this is also confirmed by our Legation in Stockholm, that it would be unwise to make any actual move until the four new additions to the Greek relief fleet have actually left the Baltic, since it might well be that any approach to the Germans on this question may raise complications which might result in holding up the ships. Once the ships have left, however, the Ministry of Economic Warfare feel that it might then be possible to re-open the question in an attempt to work out plans which might make a ship available for the refugees without undue interference with the Greek relief programme, though in view of the difficulties which surround this proposition, they hope that it may in the meanwhile have been found possible to secure shipping for this purpose from other quarters.

I understand that the United States Legation in Stockholm has telegraphed further to the State Department regarding this question, and I should be grateful if you could let me know how the matter now stands as far as your Government is concerned.

Yours sincerely,

s/s Guy Thorold.

G. F. Thorold.

Mr. J. Pehle,
War Refugee Board,
288½ Treasury Building,
Washington, D. C.

c/c Miss Chauncey (for the Sec'y) Messrs. Abrahamsen, DuBois, Friedman,
Miss Hodel, Miss Laughlin, Messrs. Lesser, Luxford and Pehle

April 5, 1944

Mr. Lesser

Mr. Akzin

CONFIDENTIALRe: Latin-American Passport holders

1. The following possibilities exist with reference to Jews in German-controlled territory who claim Latin-American nationality, now reported to be assembled in the camps of Vittel, Liebenau, Compiègne, Tittmoning, Belsen-Bergen and Bergau:

(a) refusal by German authorities to take cognizance of their claims to Latin-American nationality, and consequent loss by these Jews of their special position;

(b) continued internment based on the presumption of their Latin-American nationality;

(c) permission to leave German-controlled territory, either unilaterally or on a basis of exchange.

In the present note, only (c) is being considered.

2. Historically, precedents exist for permission being granted to civilian internees of enemy nationality to depart either unilaterally or on an exchange basis. Departure was not ~~always~~ tantamount to repatriation; thus, German citizens who were allowed to leave the United States in 1917 went mostly to Mexico. In the case of invalid and over-age prisoners of war, between whom and civilian internees there exist certain analogies, exchange during World War I as between Germany and France and as between Germany and Great Britain, consisted in internment in Switzerland.

3. In the case of Jews claiming neutral nationality, Germans have permitted unilateral departure even though the basis of this claim was not much stronger than in the present case. This was the case, notably, of Jews claiming Turkish or Spanish nationality. Unilateral departure was also permitted in many cases of Jewish subjects of Germany and of German-occupied territory, if they were in possession

- 2 -

of foreign visas or Palestine immigration certificates.

Therefore, despite the special circumstances of the present case, one should not entirely rule out the possibility of unilateral departure.

On the other hand, there is ground to believe that, as far as Jewish claimants of Latin-American nationality are concerned, Germans might prove more receptive to exchange than to requests to permit unilateral departure.

4. However, even a preliminary enquiry made of Germany on behalf of the Latin-American countries in question, concerning the chances of unilateral departure, may be of value since it would strengthen, in German eyes, the presumption that the persons involved really possess the nationalities claimed by them. As a matter of fact, any enquiry at all made of Germany on behalf of the Latin-American countries in the interest of these persons, whether bearing on exchange, unilateral departure, treatment in camps, or merely requesting a list of names and addresses, is bound to strengthen this presumption and to gain valuable time.

5. As far as exchange is concerned, the problem is made easier by the small number of these Jews, reported to be in the neighborhood of two thousand, as against the many German citizens estimated to be in Latin America. Such German citizens are said to be present in Latin American countries in approximately the following numbers:

Argentina	59,400	Guatemala	3,500
Bolivia	1,500	Haiti	350
Brazil	150,000	Honduras	440
Chile	20,000	Mexico	6,500
Colombia	3,000	Nicaragua	150
Costa Rica	1,000	Panama	175
Cuba	3,000	Paraguay	10,000
Dominican Republic	400	Peru	2,100
Ecuador	2,190	Uruguay	6,000
El Salvador	365	Venezuela	3,000

These figures often include Jewish and other refugees from Germany who have not yet acquired another nationality and who, though deprived of their citizenship status by Germany, are listed by Latin-American authorities as German nationals. But even when this category is discounted, enough German nationals remain in most Latin-American countries to furnish plentiful prima facie exchange material.

- 3 -

6. A further important consideration relates to the fact that a considerable number of German nationals from some Latin American republics (the number could not be readily ascertained) has been brought to the United States for internment in this country by arrangement among the American republics. Therefore, a number of German nationals who could be considered as exchange material are under the physical control of this government.

7. The attitude of Latin-American governments to any proposed exchange scheme may be influenced by two cardinal factors:

(a) their desire to be freed from a number of German residents or, on the contrary, their desire to keep them on their territory;

(b) their desire to avoid the influx of the Jewish beneficiaries of the exchange.

On the part of the German government, the principal consideration would presumably be the extent to which they desire to keep their citizens in Latin-America as against their interest in having them brought home.

8. Latin-American reluctance to have an influx of Jews could be satisfied without much difficulty. It is submitted that the desire of this government to get the cooperation of Latin-American countries in offering refuge to Jews in danger of death should not be permitted to stand in the way of the present action. Any hint on our part that the Jewish claimants in question are expected to be admitted to the respective Latin-American countries, even on a temporary or tentative basis, can only result in further delaying the necessary cooperation of these governments in approaching German authorities in the interests of the Jewish claimants.

It should, therefore, be made clear to all Latin-American countries in question that none of the individuals involved will be expected to be physically admitted to their territories, and that this assurance holds good for purposes of exchange as well as in case of unilateral departures.

As far as distribution of the Jewish claimants is concerned, it is understood that approximately 150 of them have the assurance of Palestine immigration certificates. The others (and the 150, too, should the above information prove erroneous) could be interned in special camps located in places such as North or West Africa, Palestine,

- 4 -

Cyprus, the Virgin Islands, or in neutral territory. Examination of papers and decisions regarding ultimate destination of these persons could thus be proceeded at leisure without the need for them actually to set foot on the soil of that Latin-American country of which they claim to be nationals.

9. In this connection, it is not necessary to delay negotiations until arrangements for such internment camps or other places of refuge are actually made. What matters to the Latin-American republics is the negative assurance that the persons in question will not reach their borders. On this basis, if sufficient insistence is shown on our part, it should be possible to get the consent of the Latin-American republics to negotiations with the Germans. Positive arrangements could be made while these negotiations are in progress.

10. It would seem that to some extent negotiations regarding the repatriation of civilians with enemy countries in the present war have been conducted by the United States on behalf of all American republics involved. Inquiry in the Department of State ought to clarify this point. If this is so, this government might be able to take certain preliminary steps toward exchange or unilateral departure of the Jewish claimants without having to ask each Latin-American government separately to approach its protecting Power for this purpose. It is obvious that much time would be gained hereby.

11. Exchange negotiations, except in clear-cut cases such as involving diplomatic and consular personnel, are often protracted and complicated, because of the difference in views between the negotiating governments. The usual differences concern issues such as man-for-man exchange v. all-for-all exchange, and the choice of categories of civilians chosen for exchange.

In the present case, more particularly, it is quite likely that those Germans whom the German government would like to get are the very last whom the United States and the Latin-Americans would like to release. German citizens economically active in Latin America, whom Latin Americans might conceivably want to repatriate to Germany are presumably desired by German authorities to stay in Latin America, whereas active German propagandists and agents whom Germany might want to see repatriated, would probably not be permitted by us and the Latin American governments to go.

For these reasons, negotiations for exchange are by no means likely to result speedily in actual exchange. The value of these negotiations would lie mainly in furnishing the Germans with an inducement to treat these Jews more or less decently.

- 5 -

12. In the case of Nicaragua, Art. 11 and 12 of a treaty of Feb. 4, 1896 (Martens, N.R.G., 2nd Series, vol. 23 p. 232), confirmed by exchange of notes of Jan. 11 - March 6, 1924 (*ibid.*, 3rd series, vol. 22 p. 200) guarantee to nationals of the contracting parties equal treatment and facilities for departure in case of war. Similar provisions are found in Art. 11 and 12 of the treaties between Germany and Costa Rica of May 18, 1875 (*ibid.*, 2nd series, vol. 2 p. 249) and between Germany and Guatemala, of Sept. 20, 1877 (*ibid.*, 2nd series, vol. 15 p. 512), though it is not clear whether these treaties have been renewed after 1918.

The point might also be raised with respect to persons claiming the nationality of Honduras, Panama, Haiti, and El Salvador, under the most-favored-nation clauses in the treaties of these countries with Germany (Honduras: Treaty of March 4, 1926, Martens, N.R.G., 3rd series, vol. 26 p. 560; Panama: Treaty of Nov. 21, 1927, League of Nations Treaty Series vol. 115 p. 239; Haiti: Treaty of March 10, 1930, *ibid.*, vol. 119 p. 231; El Salvador: Treaty of April 14, 1908, Martens, N.R.G., 3rd series, vol. 3 p. 259), though these treaties do not expressly provide for war-time relations.

13. Under these treaties, the governments named, acting through their protecting Power, may approach Germany with a request to permit the departure of the persons claiming nationality in these countries, threatening deterioration of treatment of resident German citizens in case of refusal.

14. A similar approach to Germany, in asking for exchange, unilateral departure or at least continued treatment as civilian internees could be made by Latin American governments on behalf of the respective claimants even without treaty-basis. Reciprocity in treatment is a well-known practice, and Germans in all Latin-American countries, even if partly ~~segregated~~ or interned, still enjoy a great deal of freedom with respect to personal liberty, property, and economic activities. These economic positions are highly regarded in Germany, and a threat to restrict them further would probably outweigh in German eyes the matter of the treatment given to 2000 Jews.

15. It appears from the foregoing that it would be unwise to commit ourselves to one particular solution in preference to others, since one cannot judge in advance which of them is more likely to succeed. The important thing is to embark upon a procedure which would leave the door open to various solutions and which would result in the immediate stay in all further deterioration of the status of the Jewish claimants. The attached cables are proposed as first steps in this procedure, to be taken simultaneously and without delay.

Attachments.

No. 1002.

Guatemala, April 5, 1944.

Subject: Rescue and Relief of Jews of Europe
and Other Victims of Enemy Persecution.

The Honorable
The Secretary of State,
Washington, D.C.

Sir:

I have the honor to refer to the Department's circular airgram of January 26, 1944, 7 p.m., setting forth the policy and machinery established for the rescue and relief of Jews of Europe and other victims of enemy persecution.

In compliance with the airgram cited, the following information is provided with regard to the current situation relative to the policy and activities in Guatemala for the rescue and relief of refugees.

As is apparent from past policy and local sentiment, there is little or nothing being done officially in this country toward the rescue and relief of persecuted elements in Europe, although permission has been granted for between 800 and 1000 refugees to enter Guatemala since 1933. Guatemala is essentially an agricultural country, and both its industrial development and its consumption of manufactured goods are limited by the generally low level of purchasing power. While local sentiment does not positively discourage the immigration of European elements, there is a strong feeling against permitting the entrance of persons whose commercial activities would result in the establishment of new firms to share in the existing trade which is capable of little expansion.

- 2 -

With regard to the lettered points in the third paragraph of page 2 of the Department's airgram in reference, the following information is provided, principally from unofficial sources:

a) The Guatemalan Government is understood to permit the entry of refugees for permanent residence who are able to obtain guarantee of support from relatives who are already residents or nationals of the country, and in some cases refugees have been able to gain entry for permanent residence without local sponsors. However, in all cases entry is granted only under the provision of the Guatemalan Immigration Law which requires that immigrants may not open new commercial establishments, acts as agents, or engage in any remunerative occupation except agriculture without express permission from the Guatemalan Government. Only one refugee is known to have purchased a coffee property and to be engaged in agriculture, but a number have been granted permission to establish small plants for the manufacture of articles not previously produced in this country, and to engage in certain types of business. However, there were many abuses of the entry privilege, and in March 1939 the Government found it necessary to issue a decree closing any business establishments owned or operated by refugees, and requiring the registration of business houses and the licensing of agents working on a commission basis. The actual effect of this decree was the closing of a number of small retail establishments, but several of the refugee manufacturing establishments as well as refugee commission agents were permitted to continue their operations.

The Israelite Societies of Guatemala have on occasion guaranteed refugees seeking admission to Guatemala and apparently during the years following 1933 and up to our entry into the war, substantial numbers of Jewish refugees from Europe were admitted on a temporary basis. The Consulate General reports that a large number of dossiers were transferred from points in Europe, principally Germany, and received final action in our Consulate General here. It is believed that persons who entered Guatemala on a temporary basis, pending admission to the United States, had less trouble in gaining admittance to the

- 3 -

country than those who sought permanent residence here.

In July, 1942, the Embassy was supplied by the Israelite Societies of Guatemala, through the Naval Attache, several lists of persons in the refugee categories, principally of the Jewish faith, who had been admitted to this country subsequent to Hitler's entry into power. These lists may be briefly recapitulated as follows:

List No. 1:

Jewish refugees for whom the Israelite Societies of Guatemala could vouch without qualification (close relatives of members of the congregation)..159

List No. 2:

Jewish refugees who came to Guatemala without having relatives in the country, but whom the Israelite Societies regard as fully reliable politically..... 63

List No. 3:

German Gentile wives of Jewish refugees..... 5

List No. 4:

Persons registered as "Jewish refugees" with the police but who, as far as the Israelite Societies know, are not Jews..... 10

List No. 5:

Baptised Jews who registered with the Police as "Germans" and were so treated by the authorities (these people were regarded as politically "OK" by the Israelite Societies)..... 2

List No. 6:

Persons for whom the Israelite Societies could not vouch because they had no knowledge of their antecedents (the Israelite Societies had no suspicions of these people)..... 6

List No. 7:

Persons allegedly of Jewish ancestry with whom the Israelite Societies had no contact..... 3

Total.....248

- 4 -

It is not believed that the above number represents more than a small part of the refugees now in Guatemala. The Minister of Foreign Relations stated recently that during 1942 Guatemala permitted the entry of 600 refugees at the request of the London Committee, and while some of these may be included in the lists of the Israelite Societies, the duplication is not believed to be extensive. In addition, there is a considerable number of persons whose Jewish ancestry is not sufficient to include them in the Israelite Societies, but who are not Aryans and therefore were forced to leave Europe. In the eyes of the Guatemalan Government, these persons are no doubt considered as Jewish refugees.

b) As stated above, it cannot be said that Guatemala encourages the entry of refugees into the country, especially for permanent residence.

c) So far as the Embassy has been able to ascertain, there have been no recent cases where refugees have been denied entry or turned back at the border, and although Guatemala would probably cooperate in providing a temporary haven to refugees en route to a permanent destination, the Government would undoubtedly require assurances that their stay would not be permanent, and would insist on a careful examination of applicants to guard against any masquerading of Axis agents as refugees.

Lest any impression be conveyed that Guatemala is basically anti-Semitic, it might be well to recall that for many years prior to the advent of the present incumbent, Jewish bankers controlled the business of this country and manipulated it for their own benefit and frequently against the interests of the Guatemalans themselves. The Guatemalans no doubt feel that any single racial or religious group exercising such heavy influence would be bad for the country.

During the life of the peso its violent fluctuations are felt to have been controlled by the Jewish bankers and money changers, most of whom, it will be recalled, no longer operate in this country since the unit of exchange has been changed from the peso to the Quetzal, which from the beginning has been pegged to the Dollar.

- 5 -

Jewish merchants still dominate most of the local commerce, in many instances to the disadvantage of the Guatemalan citizens. The majority of the hardware trade, a large part of the wholesale textile business, and many retail establishments are owned by Jewish merchants who, in a number of cases, have not established a good reputation for their co-religionists here.

These simple observations may explain in part why the Government would not be likely to look with enthusiasm upon a new influx of Jewish refugees, lest they repeat the disagreeable experiences of the past.

If, in the light of the conditions reflected hereinbefore, it is desired that this matter be pursued further at the moment, I shall be pleased to do so, but would prefer further instructions from the Department. It might be, if any proposal is to be made, that our chances of success would be enhanced if such a proposal covers the acceptance of a specific number of persons for a specific time, en route to an ultimate destination, rather than imply the permanent absorption of any large number of persons of foreign origin within the space of a short time.

Respectfully yours,

Boaz Long.

848
BL/WCA/KM/js

Original and hectograph to Department.

CABLE TO LISBON

From War Refugee Board to Norweb

Please deliver the following message to Joseph Schwartz, 242 Rua Aurea, Lisbon, from M. A. Leavitt of the American Jewish Joint Distribution Committee:

"We remitted Swiss franc equivalent \$300,000 to Saly Mayer Stop This remittance covers regular Swiss budget through April Stop Hopeful we can continue monthly remittance three hundred thousand dollars of which half applicable Swiss budget and half applicable program France for children adults under special license Stop View occupation Island of Rab by Germans we recalled remittance \$25,000 from British Foreign Office"

FH:lab 4/5/44

* * * *

April 5, 1944
4:55 p.m.

Lisbon

Dated April 5, 1944

Rec'd 10:30 p.m.

Secretary of State,

Washington.

1023, April 5, 9 p.m.

Joseph Schwartz requests that substance of following paraphrase be transmitted thru War Refugee Board to Moses Leavitt, Joint Distribution Committee, New York:

"Your number 928, March 31. War Refugee Board requests me to go to Madrid and confer with Ambassador Hayes resulting in postponement Algiers trip and possible wait for Spanish visa. Passport expires in meantime and I request that authorization issuance new passport be sent to Lisbon Consulate immediately. Am advised that 1,400,000 lira have so far been borrowed against Rome appropriation of \$20,000. They request now whether the \$20,000 can be turned over to Rome representative of International Red Cross. I do not believe that having valid visa for countries overseas makes great difference as regards entry Switzerland because Swiss now permit refugees to enter without Swiss visa, but

- 2 -

-2- #1023, April 5, 9 p.m., from Lisbon.

Swiss visa, but I shall nevertheless ascertain whether possessors of overseas visas are given special consideration. Additional "25,000 sent Sequerra Barcelona under license W 2155 and he is informed to wait for our instructions. Before departing for North Africa I will advise".

NORWEB

WFS

EMBASSY OF THE
UNITED STATES OF AMERICA

No. 2292

Madrid, Spain, April 5, 1944.

Subject: Publicity accorded President's statement of March 24,
1944 on Nazi and Japanese persecutionThe Honorable
The Secretary of State,
Washington.

Sir:

1/ Supplementing my telegram No. 1101 of March 29, 1944, 7 p.m. in reply to the Department's telegram No. 817 of March 24, 1944 requesting that steps be taken to obtain publicity for the President's statement of the latter date condemning the persecution of innocent peoples by the Nazis and the Japanese, I have the honor to enclose a copy of the Embassy's Note Verbale No. 2232 of March 28, 1944 transmitting to the Ministry of Foreign Affairs a copy and translation of that statement and requesting that it be given the fullest measure of publicity in Spain.

2/ The only mention known to have been made on this subject in the Spanish press to date was that contained in a brief syndicated EFE despatch which appeared in Madrid newspapers on March 26, 1944, a copy and translation of which are also enclosed. The Embassy's Spanish-language Boletin de Informacion carried excerpts of the President's statement in its issue of March 28, 1944 and on March 31, 1944 printed the translated text of the statement in full.

Respectfully yours,

Carlton J. H. Hayes

- 2 -

Enclosures:

1. Note Verbale No. 2232,
March 28, 1944, with
enclosures
2. Copy & translation of
news item, as stated

File No. 800

NWB/jf

Original to Department

Enclosure No. 1 to despatch No. 2292 dated April 5, 1944 from Carlton J. H. Hayes, American Ambassador, at Madrid, Spain on subject of Publicity Accorded President's Statement of March 24, 1944 on Nazi and Japanese Persecution

---*---

No. 2232

NOTE VERBALE

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs and has the honor to transmit herewith the English text and Spanish translation of a statement made by the President of the United States on March 24, 1944 condemning the brutal persecution of innocent peoples by the Nazis and the Japanese and calling upon the free peoples of Europe and Asia to assist in the rescue of the victims of this foul oppression.

The Embassy requests, in accordance with the desires of its Government, that this pronouncement by the President be given the fullest measure of publicity through existing informational channels in Spain and that the dissemination of its message be facilitated in every possible manner.

Madrid, March 28, 1944.

Enclosure:
As stated.

NWB/jf

Enclosure to Note Verbale No. 2232 dated March 28, 1944 from the Embassy of the United States of America to the Ministry of Foreign Affairs at Madrid.

STATEMENT BY PRESIDENT ROOSEVELT - MARCH 24, 1944

"The United Nations are fighting to make a world in which tyranny and aggression cannot exist, a world based upon freedom, equality and justice, a world in which all persons regardless of race, color or creed may live in peace, honor and dignity.

"In the meantime in most of Europe and in parts of Asia the systematic torture and murder of civilians - men, women and children - by the Nazis and the Japanese continue unabated. In areas subjugated by the aggressors, innocent Poles, Czechs, Norwegians, Dutch, Danes, French, Greeks, Russians, Chinese, Filipinos, and many others are being starved or frozen to death, or murdered in cold blood in a campaign of savagery.

"The slaughters of Warsaw, Lidice, Kharkov and Manking, the brutal torture and murder by the Japanese, not only of civilians but of our own gallant American soldiers and fliers - these are startling examples of what goes on day by day, year in and year out, wherever the Nazis and the Japanese are in military control, free to follow their barbaric purpose.

"In one of the blackest crimes of all history, begun by the Nazis in the days of peace and multiplied by them a hundred times in time of war, the wholesale systematic murder of the Jews of Europe goes on unabated every hour. As a result of the events of the last few days, hundreds of thousands of Jews, who while living under persecution have at least found a haven from death in Hungary and the Balkans, are now threatened with annihilation as Hitler's forces descend more heavily upon these lands. That these innocent people, who have already survived a decade of Hitler's fury, should perish on the very eve of triumph over the barbarism which their persecution symbolizes, would be a major tragedy.

"It is therefore fitting that we should again proclaim our determination that none who participate in these acts of savagery shall go unpunished. The United Nations have made it clear that they will pursue the guilty and deliver them up in order that justice be done. That warning applies not only to the leaders but also to

- 2 -

their functionaries and subordinates in Germany and in the satellite countries. All who knowingly take part in the deportation of Jews to their death in Poland or Norwegians and French to their death in Germany are equally guilty with the Executioner. All who share the guilty shall share the punishment.

"Hitler is committing these crimes against humanity in the name of the German people. I ask every German and every man everywhere under Nazi domination to show the world by his action that in his heart he does not share these insane criminal desires. Let him hide these pursued victims, help them to get over their borders, and do what he can to save them from the Nazi Hangman. I ask him also to keep watch, and to record the evidence that will one day be used to convict the guilty.

"In the meantime, and until the victory that is now assured is won, the United States will persevere in its efforts to rescue the victims of brutality of the Nazis and the Japs. Insofar as the necessity of military operations permit, this Government will use all means at its command to aid the escape of all interned victims of the Nazi and Jap executioner, regardless of race or religion or color. We call upon the free peoples of Europe and Asia temporarily to open their frontiers to all victims of oppression. We shall find havens of refuge for them, and we shall find the means for their maintenance and support until the tyrant is driven from their homelands and they may return.

"In the name of justice and humanity let all freedom-loving people rally to this righteous undertaking."

CABLE TO STOCKHOLM

From War Refugee Board to Johnson

Please deliver the following message to Hugo Cedergren, 29 Bibliotequegaten, Stockholm, from Tracy Strong of the International Y.M.C.A.:

"Contact Iver Olsen American Legation before going Geneva regarding latest developments War Refugee Board"

FH:lab 4/5/44

April 5, 1944

4:55 p.m.

LC - 436

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (RR)

Stockholm

Dated April 5, 1944

Rec'd 7:43 a.m., 6th

Secretary of State,

Washington.

1164, April 5, midnight

FOR WAR REFUGEE BOARD FROM OLSEN

Certain of messages from Dalivet, Deutsch and Sloty have been delivered but in general experiencing considerable difficulty in that names and addresses are incorrect, or messages as yet undeliverable due to fact that many Swedes are now vacationing. In one instance at least receiver did not know identity of sender which made undesirable impression.

Rabbi Wolbe will forward message in few days and states he can supply full details regarding the situation in Shanghai. He states it a certainty that Shanghai is badly in need of funds. He considers Lithuanian situation extremely critical and perhaps hopeless but will report further. Elise Ottesen Jensen will also canvass possibilities with her associates and report in a few days. In meantime it can be said that funds sent her are being employed only to help Norwegian refugees already in Sweden. They are not available to finance evacuation since funds are under supervision of Riksbank and subject to restriction that they be expended in Sweden with complete reporting requirements. Consequently funds for evacuation presumably will have to be provided through other channels. She considers prospects of further evacuation good.

In general suggest that messages be screened carefully for accuracy and to determine whether sender really has influence and prestige with receiver since this is extremely important locally. In that connection would suggest that Tracy Strong of International Young Men's Christian Association and Vail of Quakers probably have great influence with important people here, particularly the former.

RR

JOHNSON

Lisbon

Dated April 5, 1944

Rec'd 10:30 p.m.

Secretary of State,

Washington.

1023, April 5, 9 p.m.

Joseph Schwartz requests that substance of following paraphrase be transmitted thru War Refugee Board to Moses Leavitt, Joint Distribution Committee, New York:

"Your number 928, March 31. War Refugee Board requests me to go to Madrid and confer with Ambassador Hayes resulting in postponement Algiers trip and possible wait for Spanish visa. Passport expires in meantime and I request that authorization issuance new passport be sent to Lisbon Consulate immediately. Am advised that 1,400,000 lira have so far been borrowed against Rome appropriation of \$20,000. They request now whether the \$20,000 can be turned over to Rome representative of International Red Cross. I do not believe that having valid visa for countries overseas makes great difference as regards entry Switzerland because Swiss now permit refugees to enter without Swiss visa, but

- 2 -

-2- #1023, April 5, 9 p.m., from Lisbon.

Swiss visa, but I shall nevertheless ascertain whether possessors of overseas visas are given special consideration. Additional "25,000 sent Sequerra Barcelona under license W 2155 and he is informed to wait for out instructions. Before departing for North Africa I will advise".

NORWEB

WFS

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: Amlegation, Bern
DATED: April 5, 1944
NUMBER: 1146

SECRET

The War Refugee Board has been informed by Intercross that the BELLACITA will be available immediately for transportation of Jewish refugees from Mangalia to Istanbul as soon as safe conducts have been obtained. Intercross has requested safe conduct from all belligerents. Because of recent developments in the Balkans it is most urgent that the evacuation ship leave at once. In view of the Humanitarian aspects of this matter, you are requested to ask the Swiss Government to support at once in its own name the request for safe conduct which Intercross made to the German Government. (The Legation is informed that the Swiss Government's support should not appear as intervention in a representative capacity but should appear as its own action).

HULL

(GLW)

TELEGRAM SENT

FMH

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (BR)

April 5, 1944

Midnight

RESTRICTED

AMLEGATION,

BERN.

1153

FROM WAR REFUGEE BOARD TO HARRISON.

Please deliver the following message to Isaac Sternbuch, Postfach 168, St. Gallen, Switzerland, from the Agudas Israel World Organization:

QUOTE Please provide complete list of South-American and Central-American consulates in Switzerland which issued passports or citizenship documents for threatened Jews to forestall eventual difficulties. Jacob Rosenheim UNQUOTE.

HULL
(GLW)

WEB:GLW:KG
4/3/44

WE

ARA

SWP

PARAPHRASE OF TELEGRAM RECEIVED

FROM: The American Minister, Bern
TO: The Secretary of State, Washington
DATE: April 5, 1944
NUMBER: 2117

CONFIDENTIAL

According to Sternbuch, the following paraphrased sentence is the substance of a reply from Shanghai: For approximately 500 Beneth or 20,000 Swiss francs monthly budget. It is his belief that Szmulewicz did not understand the reference to "fifty" to mean \$50,000 and asks whether he should be more definite. (This refers to number 1088 dated March 31 and number 784 dated March 9, both from the Department.) It is also stated by Sternbuch that he is working on a plan which has good prospects for the evacuation of these people.

HARRISON

DCR:MPL
4/7/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Ankara
DATED: April 5, 1944
NUMBER: 298

CONFIDENTIAL

FROM WAR REFUGEE BOARD TO AMBASSADOR STEINHARDT,
ANKARA, TURKEY.

Reference your Nos. 547 of March 27, 564 of March 29 and
578 of March 30.

With respect to terms and conditions of charter of SS
TARI the Board recognized that you have made the best deal
possible under the circumstances, and as previously indicated
you are authorized to charter the boat on the terms offered.

The Board is deeply concerned with the turn which the
negotiations for a Turkish vessel have taken. For more
than two months you and Mr. Hirschmann have been carrying
on painstaking negotiations with the Turkish Government in
order to obtain boats for the evacuation of refugees from
Rumania. In these long drawn out negotiations the Turkish
Government has submitted many proposals and counter pro-
posals. Upon your recommendation the War Refugee Board has
immediately acceded to practically every condition imposed
by the Turkish Government even though neither you nor our-
selves considered some of them entirely reasonable. However
up to now the Turkish Government has failed to make a boat
available. Accordingly the Board finds it extremely difficult
to understand why the Turkish Government which continuously
has expressed its desire to cooperate in the refugee program
and which must be aware that the United States in view of
military necessities is not in a position to guarantee the
replacement of the SS TARI with a passenger vessel is further
delaying this highly urgent matter.

In the circumstances the Board believes, if you are in
accord, that the Board's views in the matter should be brought
to the attention of the Turkish Government in a frank manner
and the issue should be squarely put whether that Government
is prepared to cooperate by chartering the TARI without
further delay and upon the basis of the guarantee already of-
fered.

According to a press report from Ankara dated April 1

-2-

two hundred thirty nine Jewish refugees from Rumania who arrived illegally in Istanbul have been taken by rail to Palestine. We assume that these are the refugees who arrived on the SS MILKA and were referred to in your No. 564. The Board was surprised at the attitude of the Turkish Government reported in your cable and is gratified to learn that as a result of your intervention these refugees have been permitted transit through Turkey to Palestine. Your efforts deserve the highest commendation.

If the impression were created in this country that the Turkish Government is not fully cooperating in the refugee rescue program there would undoubtedly be a reaction here quite unfavorable to Turkey. In view of the fact that several private organizations have been active in the boat negotiations and are fully cognizant of the situation it is not improbable that unfavorable publicity here may result if the Turkish Government continues to maintain its present position.

These matters have been discussed with the Turkish Ambassador in Washington.

The Board and the Department are taking all possible measures to support the request of the International Red Cross for a German safe conduct for the TARI. Similar steps will also be taken in the case of the SS BELLACITTA mentioned in your No. 578.

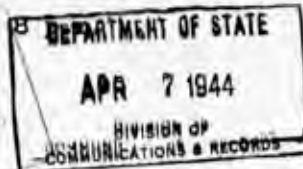
This is WEB Cable to Ankara No. 18.

TELEGRAM SENT

229

This telegram must be paraphrased before being communicated to anyone other than a Government official.

April 5, 1944



AMEMBASSY,

CHUNGKING, (CHINA)

437
FOR ADLER FROM THE SECRETARY OF THE TREASURY

Meeting was held in Treasury on March 30 together with representatives of War and State Departments to discuss proposal outlined in paragraph 2 of your cable of March 28. Approval was given by War, State and Treasury to this proposal and we presume that General Stilwell has already been so informed by War Department.

With regard to sale of gold on joint account to raise part of our fapi requirements, Treasury has informed War and State that, as indicated on past occasions, we are in favor of such program. The Treasury presumes from information received that Ambassador Gauss and General Stilwell are also in favor of such program.

Therefore, as soon as agreement has been reached with regard to the financing of U. S. Army program in China, propose to Dr. Kung sale of gold and/or U. S. dollar currency on joint account to meet all United States governmental expenditures, except those of the Army.

Reference your cables of March 28, 1944, No. 541 and March 23, No. 517, and our cable of March 8, 1944, No. 314.

FMA:OL:db 4/5/44

HULL
(GL)

NOT TO BE RE-TRANSMITTEDCopy No. 11SECRETOPTEL NO. 110

Information received up to 10 A.M. 5th April.

1. NAVAL

Tripitz. Two attacks made at approximately 6:30 A.M. and 7:30 A.M. Preliminary reports indicate large explosion by main mast and another on fore-castle after second attack. Vessel was left with two fires burning amidship. Very good weather; no fighter opposition.

2. MILITARY

Russia Russians report further progress west of DUENO and in town of TARNOPOLE most of which they now hold. They have captured KHOTIN and North of DWILSTAR have continued destruction of German forces surrounded in SKALA area. Their advance on KISLINESV and ODESSA continues.

Burma West African forces have re-captured KALADAN Village and in the ARAKAN our troops have made some progress about two miles South West of LEWEDET.

3. AIR OPERATIONS

Western Front 4th/5th. 55 Mosquitoes bombed objectives North-West GERMANY and two bombed military constructions Northern FRANCE. All returned safely.

Italy 1st/2nd 57 Wellingtons and 6 Liberators bombed aircraft factory VARESE near MILAN starting two large fires in target area.

2nd. 160 medium and 60 light bombers and 124 fighters attacked bridges and other objectives in CENTRAL ITALY. 108 fighters attacked objectives in the ROME and Battle areas. Two fighters missing.

OFFICE
SECRETARY OF TREASURY

1944 APR 6 AM 9 03

TREASURY DEPARTMENT