

Joint Statement - No provisions

The following provisions have been suggested as an additional Article concerning execution of the Agreement:

Execution of the Agreement

IN FAITH WHEREOF the undersigned have executed this Agreement.

Done at Washington in a single copy which will remain deposited in the archives of the United States of America, and of which certified copies will be transmitted through the diplomatic channel to the other countries represented at the United Nations Monetary and Financial Conference.

Joint Statement ~~No Provisions~~

The following material has been suggested as an additional article on amendments;

Alternative A

Article XI

#Any member country which desires to introduce modifications in this Agreement shall communicate its proposals to the Fund. The Fund, if four-fifths of the aggregate votes deem it advisable, shall prepare a protocol, by dated circular letter, to the governments of all the member countries, asking whether they accept the proposed modifications. When the governments of member countries having four-fifths of the aggregate votes, have acceded, the Fund shall certify the fact by means of a proces verbal, which it shall communicate to the governments of all the member countries. The protocol will enter into force between all the member countries three months from the date of the proces verbal, unless a shorter period is specified in the protocol.

Alternative B

The Council shall have power to repeal, amend or add to the provisions of these Statutes by decisions taken by a 3/5 majority except that

- (a) a decision concurred in by all Councillors shall be required for _____
- (b) the Council shall have no power by any repeal, amendment or addition to _____

Joint Statement—No Provisions

The following material has been suggested as an additional Article on interpretation of the Agreement:

Alternative A

Section . Interpretation.

All disagreements between two or more member countries concerning the interpretation of any of the provisions of this Agreement or of any amendments thereto, or of any rules, regulations or by-laws promulgated by the Fund, shall be settled by the Fund. Whenever a disagreement arises between the Fund and a country which has ceased to be a member, or between the Fund and any member country after liquidation of the Fund, such disagreement shall be submitted to arbitration.

#Section . Definitions.

(a) The term "currency" means every form of medium of exchange used within a member country which is defined in terms of the monetary unit of such country, including without limitation:

- (1) All paper money and coin issued or coined in accordance with the laws of such country;
- (2) All demand deposits in banks within such country; and
- (3) All bills, notes or other form of indebtedness substituted by member countries for part of the Fund's holdings of their currencies.

(b) The term "gold-convertible exchange" means any foreign currency, as defined above, or any evidences of indebtedness expressed in such currency having maturities of less than one year, available for use by the monetary authorities of a country, directly or indirectly, for the purchase of gold.

(c) The term "official holdings" means the holdings of a member country's government and central bank and of any governmental department, agency, establishment or corporation; without reduction for any liabilities, whether such liabilities are actual or potential, general or specific, external or internal.

All non-official holdings of gold and all non-official holdings of gold-convertible exchange in excess of one-fourth of the quota of the

Article A (Continued)

member country shall be deemed to be official holdings for the purposes of III, 7(a) and (b).

(Further definitions to be added)

#Section . Effect on Other International Commitments.

Nothing in this Agreement shall be deemed to affect in any way any existing or future international commitments regarding the non-discriminatory application of exchange restrictions or international undertakings for the progressive relaxation of barriers to trade.

Alternative B

- (1) The Fund shall have at all times the right to tender informal advice to any member on any matter arising under these statutes.
- (2) All questions which arise involving doubts or differences relating to the interpretation of the provisions of these Statutes shall be submitted to the Directorate of the Fund for their opinion. If the question is one which involves a dispute affecting particularly one (or more) member(s) and that (or those) member(s) are not represented on the Directorate by a Director appointed by it (or them) then that (or those) member(s) may appoint a representative to take part in the discussions of this question in the Directorate on the same footing as the Directors.
- (3) In any case where the Directorate has given an opinion under para. (2) above, a member may require that the question be submitted to the Council and the opinion of the Council is final. Pending the result of the reference to the Council, the Fund may (so as is necessary) act on the basis of the opinion of the Directorate.

The following material has been suggested as an additional Article to put the Fund into operation:

#Alternative A

#Section . Acceptance of Membership in the Fund.

This Agreement shall be presented by the delegates to their respective governments for acceptance of membership. Each government that accepts membership shall sign this Agreement and, as soon as possible, deposit evidence of its acceptance with the Government of the United States of America, which shall transmit certified copies of all evidences of acceptance to the governments of all the countries represented at the United Nations Monetary and Financial Conference.

The Government of the United States of America shall also notify by telegram, cablegram or radiogram the governments of all of such countries immediately upon the deposit with it of each evidence of acceptance.

At the time it accepts membership, each government shall transmit to the Government of the United States of America one-twentieth of one percent of its quota in gold or gold-convertible exchange for the purpose of meeting administrative expenses. The Government of the United States of America shall hold such funds in a special deposit account and shall transmit them to the Board of Directors of the Fund when the initial meeting has been called. If the initial meeting has not been called by January 1, 19 , the Government of the United States of America shall return such funds to the government that transmitted them.

#Section . Effective Date of the Agreement.

As soon as the evidences of the acceptance of membership by countries having sixty-five percent of the aggregate quotas established in II, 1, have been deposited, this Agreement shall come into force in respect of such countries.

Thereafter this Agreement shall come into force between the countries which shall have accepted membership and each country which subsequently deposits its evidence of acceptance on the date of such deposit.

Alternative A (Continued)

#Section . Calling the Initial Meeting of the Fund.

Immediately after receipt of the evidences of acceptance of countries having sixty-five percent of the aggregate quotas established in II, 1, the government of the country accepting membership which has the largest quota shall invite to the initial meeting of the Fund, to be held in that country sixty days after the date of such invitation, all of the countries which shall have accepted membership in the Fund. Such countries shall be represented at the meeting by the directors or alternates they appoint to the Board of Directors of the Fund.

#Section . Agenda of the Initial Meeting.

At the initial meeting of the Board of Directors, the Board shall make provision for the organization of the Fund. In addition to such other action as it deems appropriate, it shall elect a chairman, elect an Executive Committee, and set a date for the operations of the Fund to begin, subject to Section 5 of this Article.

#Section . Fixing Initial Par Values.

The official value on July 1, 1944, of the currency of each member country in terms of gold or gold-convertible currency shall be the par value of that currency for purposes of the Fund, unless either the Fund or the member country concerned signifies within a period of ninety days from the effective date of this Agreement that such par value for a given currency is unsatisfactory. If either so signifies, the Fund and the member country shall, during this period or during an extended period to be determined by the Fund in the light of all relevant circumstances of the member country, agree upon a suitable rate. If agreement between the member country and the Fund is not reached during such period, as extended, the member country shall be deemed to have withdrawn from the Fund as of the date of the termination of such period.

The Fund shall begin exchange transactions at such date as it may determine after par values have been established for the currencies of members having sixty percent of the aggregate quotas fixed in II, 1, but in no event until one-hundred twenty days after the effective date of this

#Alternative A (Continued)

Art. XIII

Agreement, or until the Fund shall have determined that major hostilities in the present conflict have ceased, whichever is the later. Exchange transactions in a currency, the par value of which has not become established when exchange transactions begin, shall begin when agreement has been reached with the Fund on a par value.

Alternative B

I A. Inauguration of the Fund.

1. When the Convention comes into force, the first meeting of the Council shall be held as soon as possible. The Councillor appointed by the Government in whose country the first meeting takes place shall take the Chair until the Council have appointed a Chairman.

2. The Council shall then proceed to the election of the Directorate and shall arrange for the first meeting of the Directorate to take place as soon as possible.

3. The Directorate at their first meeting shall appoint the Chairman and General Manager, shall request the payment by each member of such proportion of its subscription as is required, in the opinion of the Directorate, for the preliminary expenses of the Fund, and shall instruct the General Manager to make the necessary arrangements with regard to the taking of offices and the engaging of staff.

4. The Directorate shall then, as soon as may be, take steps to determine the par value of members' currencies in accordance with IV and the provisions of IV shall come into operation.

5. Thereafter the Directorate shall, as soon as seems to them expedient, call up such further proportion of the subscription of each member as in their judgment is immediately required to provide facilities currently required by members, and as from the date of this call the whole of the provision of this Statute shall come into operation.

6. For the purpose of taking action under 4 and 5 above, the assent of Directors representing four-fifths of the total voting power of the Directorate shall be required.

Alternative B (Continued)

7. Thereafter the Directorate may, from time to time, call up such further instalments of the subscriptions due by members as may be required for the operation of the Fund.

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EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD

INTER-OFFICE COMMUNICATION

DATE June 26, 1944

TO Secretary Morgenthau
FROM J. W. Pehle

I am sure you will be glad to know that Camp Fedhala is at last to be occupied by refugees. We have just been advised that 573 stateless refugees sailed from Spain on June 21st for the camp. -



AIRGRAM

FROM: LAPA, Bolivia

DATED: June 26, 1944

REC'D: July 7, 8 am

Secretary of State,

Washington.

A-288, June 27, 1944, 5:00 p.m.

Reference Department's secret airgram A-221 of
June 2, 4:35 p.m.

In response to requests made in compliance with the Department's directives, the Bolivian Minister of Foreign Affairs informed me orally on June 24 that he would be very glad to cooperate by complying with the requests at the top of page 4 of the airgram under reference; that he gives the approval of the Bolivian Government as requested in the last new paragraph of page 6 of the Department's airgram under reference; and that he would immediately communicate with the local representative of the protecting power along the lines of the first new paragraph on page 7 of the airgram under reference.

WOODWARD

RWF/srb

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
TO: Secretary of State, Washington
DATED: June 26, 1944
NUMBER: 5049

CONFIDENTIAL

With reference to Department's message of June 23, 8 p.m., Number 4949, immediately after Gaither Warfield reaches London, travel arrangements can be made to enable him to proceed on to Sweden at once.

WINANT

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
TO: Secretary of State, Washington
DATED: June 26, 1944
NUMBER: 5070

CONFIDENTIAL

Following is for the attention of Pehle of the War Refugee Board.

We delivered today to Sir Herbert Emerson Mr. Pehle's message as sent in the Department's cable of June 24, No. 4992. The Intergovernmental Committee was very happy to receive this cable and it is hoped that there soon will be available in London the full text of the United States Government's answer.

WINANT

TELEGRAM SENT
DEPARTMENT OF STATE

105

June 26, 1944
5 pm

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

AMEMBASSY,
Madrid

1814

Haitian Government has informed the Department that there are no known relatives of the Fleurima family in Haiti with sufficient funds to guarantee advances covering necessary expenditures. Moreover Haitian Government is not in a position to guarantee such advances. Accordingly Embassy should investigate and report fully by telegraph regarding citizenship status. In the meanwhile advances to this family should be kept to the minimum and should cover only necessary subsistence while in Spain and actual cost of transportation to the United States. Promissory notes executed by them should be made payable to the Haitian and United States Government, naming both governments.

Embassy should obtain names and addresses of any relatives of this family in Haiti who may be in a position to guarantee advances and cost of transportation to the United States.

Hull

BWP:SKL:amc

Via Airmail Pouch.

Bern, June 26, 1944.

No. 8599

Subject: American Interests - Hungary
Treatment of Jews and other
minorities.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to the Department's telegrams Nos. 1945 of June 6 - 8 p.m. and 2128 of June 22 - 4 p.m., and to the Legation's telegram No. 4066 of today, with reference to the treatment of Jews and other minorities in Hungary.

In accordance with the Legation's telegram cited above, there is quoted below the text of the Legation's note A.I. No. 8663 dated June 13, 1944, together with a copy of its enclosed extract of the President's statement of March 24, 1944:

"The Legation of the United States of America presents its compliments to the Division of Foreign Interests of the Federal Political Department, and, with reference to reports which have come to the attention of the Department of State regarding the condition of persons of the Jewish race in Hungary, has the honor to inquire whether the Division would be disposed to convey informally to the Hungarian Government, on behalf of the Government of the United States, a message in the sense of the following text:

'The Government of the United States requests that the appropriate authorities in Hungary state their intentions with regard to the future treatment to be accorded to Jews in ghettos and concentration camps, particularly whether the Hungarian authorities contemplate the imposition of discriminatory reductions in food rations, forced deportations to Poland or elsewhere, or the adoption of other measures which,

like

like those mentioned, will be tantamount to mass execution.

"The Government of the United States desires to remind the appropriate Hungarian authorities of the grave view which the Government of the United States takes concerning the persecution of Jews and other minorities, and of the determination of the Government of the United States to see to it that all those who share the responsibility for such acts are dealt with in accordance with the warning issued by the President of the United States on March 28, 1944."

"The Legation avails itself of this occasion to renew to the Division the assurance of its highest consideration."

Respectfully yours,

Island Harrison
American Minister

Enclosure:

Copy of extract of President's
statement of March 24, 1944,
which was attached to the Legation's
note A.I. No. 8663.

File No. 840.1

GE/amb

In quadruplicate to Department.

Enclosure to despatch No. 6599
dated June 26, 1944, from the
American Legation, Bern.

CONFIDENTIAL

Extract of President Roosevelt's statement of March 24, 1944.

"The United Nations are fighting to make a world in which tyranny and aggression can not 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 subjected 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 slayers of Warsaw, Lidice, Kharlov and Nanjing - the brutal torture and murder by the Japanese, not only of civilians but of our 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 day 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 those 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

justice be done. That warning applies not only to the leaders but also to 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 guilt 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 persecuted 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 intended 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 them 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 ACKERMANN, C/O "DISPER," BARI, FROM J.W.PEHLE, WAR REFUGEE BOARD

Reference your WEB No. 3 from Naples, June 21.

JDC willing to make same exchange arrangement concerning refugees to U. S. as in case of refugees for Palestine. Both matters under discussion here with Treasury and Military. Will advise you as soon as final decision is made.

THIS IS WEB CABLE NO. 30.

June 26, 1944
2:15 p.m.

FH:lab 6/26/44

EE - 28

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

Jerusalem

Dated June 26, 1944

Rec'd 7:48 p.m.

Secretary of State,

Washington.

87, June 26, 6 p.m.

FOR WAR REFUGEE BOARD FOR MOSES LEAVITE JOINT
DISTRIBUTION COMMITTEE NEW YORK FROM JOSEPH SCHWARTZ

"Discussions here indicate possibility rescue additional 8,000 from Balkans at approximate cost two to two and half million dollars. Obligations incurred connection approximately sixteen hundred who already came out approximate \$600,000. Biew urgency situation commitments will have to be made very fast therefore important you indicate immediately whether you willing underwrite up to three million dollars for rescue program which otherwise cannot be undertaken. View present emergency situation recommend you send blanket authorization with understanding we naturally shall make every effort keep costs to minimum. Meanwhile you may wish your end enlist aid War Refugee Board other American bodies.

Advise urgently."

PINKERTON

RR EB

CABLE TO HARRISON FOR McCLELLAND FROM J.W.PEHLER, WAS REFUGEE BOARD

Through Lisbon JDC here has been advised of message from Saly Mayer concerning his contacts in Budapest who have suggested that payment of \$200000 in Hungary might stop deportations and even allow some departures for safer countries.

Please discuss this in detail with Saly Mayer and ascertain whether payment in question could be blocked in Switzerland and, if not, whether payment could be made in installments and in what currency. I would appreciate an immediate report from you giving your personal views as to the proposal.

THIS IS WRB BEEN CABLE NO. 57

June 26, 1944
9:10 a.m.

FH:lab 6/24/44

KEM - 80

PLAIN

Lisbon

Dated June 26, 1944

Rec'd 9:47 p.m.

Secretary of State,
Washington.

1975, 26th, 1 p.m.

WEB 81.

Widen arrived safely. Please telegraph Embassy
authorizing payment salary and per diem giving date
commencement. This for accounting department.

NORWEB

DJ WTD

MAE - 133

PLAIN

Lisbon

Dated June 26, 1944

Rec'd 11:39 p.m.

Secretary of State,
Washington.

1979, June 26, 6 p.m.

FOR RABBI STEPHEN WISE FROM WEISSMAN WRB 83

Yours 119. Who is Gozlan? Cable exchange with Mendes France transmitted through WRB Washington whom please consult. Cannot understand lack my news since WRB informed with request transmit to you cables also letter dated May 24, apply again WRB. All endeavors communicate by mail Silberschein failed, continuing efforts.

Intervened at Easterman's request Ecuador Legation Madrid regarding 3 families having Ecuador passports issued Stockholm. Ecuador Legation declares impossible intervention to prevent deportation these people actually interned since Ecuador Government issued instructions cancelling all passports delivered by Stockholm Consulate. Please intervene Ecuador Government accordingly. Cable.

NORWEB

WMB EMB

LC - 15
 Distribution of
 true reading only by
 special arrangement.
 (SECRET W)

Lisbon

Dated June 26, 1944

Rec'd 6:30 p.m.

Secretary of State,

Washington.

1981, June 26, 6 p.m.

THIS FOR STEPHEN WISE AND MARUM GOLDMAN, NEW
 YORK, FROM DOBKIN AND LICHTENTEL WEB 82

Kraus and Kastner, Budapest, notify me through
 Geneva under date June 19 that 400,000 Hungarian
 Jews already sent Eland. They demand vigorous action
 United Nations to save rest. Weizsman London informed.

Migration to Roumania being organized. Results
 depend on shipping. We are informed by Istanbul sea
 transport possible for 7600. Vast sums necessary
 immediately. My opinion you should demand immediately
 WEB subsidy. Have so advised Kaplan.

HORWEB

HTM

CABLE TO STOCKHOLM

From War Refugee Board to Johnson

Please deliver the following message to Chief Rabbi
Marcus Ehrenpreis, Stockholm, From Dr. A. Leon Kubowitzki, of the
World Jewish Congress, 330 West 42nd Street, New York, 18, N. Y.

"Pursuant your message June 2 are applying
for license to send you \$10,000. Are supporting
with the War Refugee Board your request to
receive the needed balance. Are anxious receive
through American Legation and War Refugee Board
your various rescue programs. Understand Wilhelm
Boehm Uppfortovagem 5/4 Stockholm-Rasunda has
valuable Hungarian contacts. Reached agreement
with YMCA's War Prisoners Aid which will try extend
activities to Hungarian segregation centers.
Understand you cooperating Birger Fernow. Anxious
receive full report situation and rescue possibilities
Rumania."

THIS IS WRB CABLE TO STOCKHOLM NO. 35

10:25 a.m.
June 26, 1944

FH:ro 6/24/44

LFG-976
Distribution of true
reading only by special
arrangement. (SECRET W)

Stockholm

Dated June 26, 1944

Rec'd 5:09 p.m.

Secretary of State,

Washington.

2300, June 26, 4 p.m.

THIS IS OUR WAR REFUGEE BOARD CABLE 37.

No objection to Dorfman (reference Department's 1248,
June 23, 6 p.m.)

JOHNSON

RR BB

KEM - 183
Distribution of true
reading only by special
arrangement. (SECRET W)

Stockholm

Dated June 26, 1944

Rec'd 6:23 a.m., 27th

Secretary of State;

Washington.

2316, June 26, 10 p.m.

SECRET

Boheman told me in reply to a question pursuant to Department's 1213, June 16, 10 p.m. (WRB cable 27) that he is willing to sound out the Germans again in regard to the BARDALAND along the lines of the Department's telegram under reference. He believes however that we are under genuine misapprehension as to the German reasons. These reasons he thinks are to prevent Jews getting out of German occupied territory to go anywhere as it is contrary to the general Hitler policy of exterminating all Jews. He regards very seriously the possibility that before they go down the Nazi regime will massacre as many Jews as is physically possible.

JOHNSON

RR EB

LEGATION OF THE
UNITED STATES OF AMERICA

No. 3593

Stockholm, June 26, 1944.

Subject: Transmitting Translation of Swedish
Report on Anti-Jewish Measures Placed
in Effect by Present "Government" of
Hungary.

CONFIDENTIAL

The Honorable
The Secretary of State,
Washington.

Sir:

With reference to my telegram to the Department No. 2271 June 23, 4 p.m., I have the honor to transmit a translation of a memorandum dated May 26, 1944, describing regulations which the present "Government" of Hungary has placed in effect for the purpose of restricting and abolishing the rights of the Jewish population.

The memorandum has only been made available to the Legation on the understanding that the interested American authorities will regard as confidential the fact that the information contained therein emanates from Swedish sources.

Respectfully yours,

/s/ Herschel V. Johnson
Herschel V. Johnson

Enclosure:

Translation of Memorandum.
File No. 840.1
HFCJr:VE
Original to the Department for
possible consulting.

Enclosure to Despatch No. 3593 dated June 26, 1944,
from the Legation at Stockholm, Sweden.

TRANSLATION

MEMORANDUM

During the past weeks new regulations have been issued daily in Budapest, designed to exclude the Jewish population from practically all the natural rights of a member of the community.

Among these regulations, practically all of which originated within the overworked Ministry of the Interior and are, therefore, often difficult to interpret and in many cases contradictory, three different categories may be discerned: Those applying to (A) professions and occupations; (B) housing and financial status and (C) living conditions in all other respects. The following may be an adequate summary, therefore, of what is now, or will in the near future be, denied a Jewish citizen in Hungary and the restrictions to which he is subject.

(A) No Jew may hold a position in the public service. Nor may a Jew practice a profession, i.e. as lawyer, journalist, author, publisher, printer, actor, owner of apothecary, lending library, advertising and newspaper office, copying agency, et cetera. A Jew is forbidden to carry on industry or trade as an independent enterprise and one-half of all Jews in private employment occupied with intellectual work must be dismissed by the enterprise in question before the end of May and the other half before the end of September of this year. Licenses granted Jews for production and sale of monopoly articles such as tobacco, liquor and salt have been declared invalid. Jews may not be employed as servants in homes and families, nor may a Jew employ a non-Jew to assist in the household. All such employment has been cancelled with one stroke of the pen, and thus the only occupations still open to Jews for their livelihood seem now to be those of physician, craftsman or manual laborer.

(B) The housing conditions have been "regulated" in such a way that all Jews are obliged to report their possession of living quarters and be prepared, with a few hours' or at the most some days' notice, to be evicted and forcibly removed, with orders to leave behind them certain designated types of furniture, etc. In reality this means that, bag in hand, they must move to some designated room to live with another Jewish

- 2 -

family which has been regarded as having too much space. In other cases—and this concerns especially communities with less than 10,000 inhabitants—they have been forced to leave their community and, taking with them belongings not weighing more than 50 kilograms, and funds not exceeding 50 pengos, are forcibly transported to some other locality where a ghetto has been established, or if none exists, to an assembly camp having a minimum of space and abominable sanitary conditions. With respect to the capital with its some 300,000 Jewish inhabitants, there has, naturally, not yet been time to "solve" the problem along these lines. The idea of establishing a large enclosed ghetto has had to be abandoned, and it has been impossible to establish internment camps, with the exception of a small number under German management. According to reports, however, it is expected that three or four very stingily allotted sections of that quarter of Pest east of the Danube where the population already to a great extent is of Jewish race will for the time being be used as an unenclosed ghetto to which all the Jews living in other quarters of the town will be removed. Gentiles living in the aforementioned areas will be requested to move voluntarily to the vacated Jewish dwellings in other parts of the town. In case they offer objections—which, however, is unlikely—they, too, will be removed by force.

With regard to property, all Jews are obliged to declare their real estate and personal property, provided its value exceeds 10,000 pengos with an addition of 3,000 pengos for each member of the family. As a basis for evaluation, the "market value" is used, which under present conditions obviously is a very elastic concept and places the honest declarer in an unfavorable special category. All funds in excess of 3,000 pengos, gold or platinum articles, jewelry and precious stones must be handed over and deposited in a bank,—a stipulation, naturally, that is being evaded by the less conscientious even at the risk of detection and punishment. Shopkeepers must declare their stocks of goods on hand and equipment, which are sequestered as a result of the closing of the premises. This, obviously, caused much inconvenience in the case of shops carrying perishable foodstuffs; this situation had not been reckoned with, and it was thus necessary to make other arrangements.

(C) Jews must relinquish their ration cards and accept new ones on which the sugar ration is cut down from 1,000 to but 300 grams a month, and the butter

- 3 -

ration is replaced by some 300 grams of sesame oil. Jews receive no veal or pork, merely 100 grams of beef or horse meat per week. These rules are likely to cause a further rise in the already flourishing black market.

Jews may not, without special permission which is very difficult to obtain, use railway, steamship or bus communications, and, in general, may not travel by automobile.

Jews may not frequent public baths with the exception of a few designated places intended exclusively for Jews. In Budapest there are now only three of the most unpretentious kind.

With respect to Jews living in the provinces, in so far as they still enjoy any freedom of movement, the local authorities have issued or will issue regulations regarding a certain limited time when they may leave their dwellings and make their purchases.

Jews may not live in hotels, frequent restaurants, cafes and tea shops, attend theatrical and musical performances or other public amusements, unless the local authorities have designated places and hours especially reserved for Jewish visitors.

Jews may not possess weapons or explosives and, finally, may not belong to any society or union of any kind, with the exception of the general association of all Jews in the country which it is planned to form and in which membership will be obligatory.

All the regulations mentioned herein, which will undoubtedly be further amplified, concern all Jews coming within the category of those who are obliged under an earlier decree to carry the yellow star and are in accordance therewith to be "regarded as Jews", regardless of whether they are of Jewish or Christian confession. (In Budapest the Christian Jews number about 35% of the total number of Jews.) As for these few who enjoy the privilege of being regarded as non-Jewish a revision will be made concerning those whose exemption is based on patriotism manifested by them even at the risk of their own lives during the counter-revolution of 1919. To this end a committee has been appointed within the Ministry of the Interior, whose head, however, has the authority personally to make the final decision irrespective of what the attitude may be of the committee members in each particular

- 4 -

case. As a result of pressure brought by the clergy, relief has also been granted to persons of Jewish race belonging to the Christian clergy, and also to the Jewish spouse in a marriage and Jewish widows who prior to March 22nd of this year became Christians, provided there are no children belonging to the Mosais congregation.

Finally, a regulation of more real significance is that which grants relief from all obligations now imposed upon Jews to foreign citizens for whom their respective legations have issued certificates as to their citizenship and submitted them to the Alien Control Commission, under the presumption that a state of reciprocity prevails.

Of the above-mentioned stipulations—for which in most cases no implementing orders have as yet been issued and which therefore can be and are subject to very arbitrary interpretation, especially in the provinces where the local authorities appear to act as they please—it may perhaps be said that although they imply unprecedented interference with a citizen's normal rights as a member of the community, they, nevertheless, do not imply any direct and immediate threat to life. Such a threat does, however, in fact loom before the great mass of Jewish population in Hungary. According to reliable reports, Hungary has been able through an agreement with the German authorities to carry its point as to the right to retain some 150,000 male Jews of the military conscript ages of 21-50 years for assignment to military labor companies to perform necessary tasks in connection with the country's defense. The remaining Jews, totalling some 900,000 persons, are intended to be transferred to German territory. This transfer has begun, and takes place daily in sealed freight cars carrying 70 persons in each car, without sanitary provisions and with no more food than each person can carry with him. Hitherto, according to one version, about 100,000 persons, and according to another, some 20,000 persons, have been sent to Germany in this manner. The areas which have thus been depopulated of Jews are primarily the 8th and 9th army corps areas in the eastern and northeastern parts of the country where internment camps have been established for a total number of 120,000 to 150,000 persons, in areas covering as many square meters, in the seven towns of Murovaszshely, Kelenvar, Des, Munkacs, Ungvar, Satoraljaihely and Kassa—and also, according to an unconfirmed report, in Behsasaba. As a rule, brick barns without walls

and having only a roof have been used for this purpose, but at Des an open space in the forest has been used, with no protection against rain and wind. When plots broke out in some places in connection with internment measures, it is said that some 100 persons were shot or seriously wounded. Conditions in these camps are said to defy all description. In one or two places cases of typhus caused the city physician and, according to reports, also the chief of the army corps to lodge an emergency protest—without result, as the local authorities were able to point to an order emanating from the Ministry of the Interior. A report from the town of Ujfalud in southern Hungary (a town of tragic repute following the massacre in the winter of 1942, whose military instructors escaped punishment by fleeing to Germany but have now returned to their former posts) states that 2,000 Jews have been deported, and at the time of transportation to the camps were deprived even of their insignificant sums of money and hand baggage.

In other parts of the country the oppression and acts of violence against the Jewish population have not yet reached their climax. Thus, in the large province of Pest-Pilis which surrounds the capital the authorities have been content to observe the instructions that all Jews from the various districts should be placed in ghettos, totalling about 30, and may not be sent to internment camps except upon orders from the Ministry of the Interior in each specific case. Nonetheless, even here it appears only to be a question of time before the Jews thus assembled will in their turn be sent westward or northward. The purpose of this "evacuation" seems to be partly to supply Germany with labor, and partly, with respect to the aged and children, to use them as some kind of hostages or bombing protection by placing them near industrial establishments important to war production.

May 29, 1944

FR:MH:PA:GA

June 26, 1944
1:00 pm

SECRET

TO CERTAIN AMERICAN DIPLOMATIC OFFICERS:

CIRCULAR AIRGRAM

FOR THE SECRET AND CONFIDENTIAL INFORMATION OF THE
AMBASSADOR:

The following message for the Legation at Bern is repeated to you for your information and that of the appropriate authorities of the country to which you are accredited in order to enable the latter to take parallel action, should they so desire.

The Department and the War Refugee Board are receiving reports indicating that there are held in camps situated in Germany and German-controlled territory, to which the protecting Powers and the International Red Cross have been granted no access or else such strictly limited forms of access that they have been unable effectively to assist the individuals in question, a number of unquestioned nationals and persons claiming the nationality of the United States and other American Republics. Belsen-Bergen near Hanover, Bergau near Dresden, Drancy near Paris and Theresienstadt are sites of such camps. Since late in 1943 the camp at Fost in Silesia appears to have been placed in this category. Possibly other camps of the same character exist.

The Swiss Government should be asked as protecting Power of the United States kindly to investigate this situation. Please request it to endeavor to have its representatives visit the camps referred to for the purpose of reporting upon the claims of individuals held in these camps to citizenship of the United States or in applicable cases of other American Republics represented by Switzerland. Please make similar efforts regarding camps and other establishments which may exist in Romania, Hungary and Bulgaria or any other areas under control of German-dominated authorities.

Article 86 of the Geneva Prisoners of War Convention as applied to interned civilians by mutual agreement of the belligerents should be the base of the request to visit such camps. The extraordinary restrictions placed by the German authorities upon communications with these camps have deprived the persons detained there and the protecting power of normal means of dealing with their claims to the protecting of foreign states - hence in order to protect the vital interests of such detainees it is essential that visits be made to these camps. In this connection, reference is made to the case of Franz Kahn (Department's A-199, April 24 and previous) in which the

extraordinary.....

CIRCULAR, June 26, 1 p.m. -2-

extraordinary regulations attendant upon correspondence between him and the protecting Power have unjustifiably impeded the verification of his claim to American Citizenship.

The International Red Cross Committee, despite extended efforts to visit the camps in question, has been unsuccessful in its exertions so far. Appreciation of the Department and the War Refugee Board for these efforts should be expressed. Also please express the hope that there will be no abatement of these efforts.

HULL
(GHW)

CODE ROOM: Repeat to American Missions to Bolivia, Brasil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Great Britain, Guatemala, Haiti, Honduras, Mexico, Panama, Paraguay, Peru, Uruguay, and Venezuela.

WEB;MNW;KG PD ARA BC S/CR
6/20/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: June 26, 1944
Number: 2173

CONFIDENTIAL

Following for McClelland and Minister Harrison

Reference to your 8103 of May 6.

Department and War Refugee Board consider that Pfifferling case should be dealt with in the light of Department's 1181 of April 7, 1221 of April 10, and paragraph two of 1921 of June 6. In view of Pfifferling's claim of Honduran nationality, Department's 1632 of May 10 is also applicable, and you should proceed at once to take all appropriate action necessary to safeguard Pfifferling's life as a Honduran national.

In view of Department's 1632 as well as of the other messages under reference it is not necessary to await affirmative word from Honduras. The messages under reference were intended to avoid just such delays as might be incident to awaiting confirmation of claims by the Latin American governments. The same is true as to claimants to United States citizenship pursuant to Department's 1269 of April 13.

Reference to your 3579 of June 5. List is not to be used for the present for purpose of investigating nationality claims. Main value of names is in eventually enabling you to take more effective protective action along lines of Department's 1270.

Kindly keep the Department advised.

THIS IS WRB BERN CABLE NO. 44.

HULL

CABLE TO HARRISON FOR McCLELLAND, BERN, FROM J. W. PEHLE, WAR REFUGEE BOARD.

Reference Legation's no. 3506, June 2, containing message from Sternbuch to Union of Orthodox Rabbis.

The Board and certain private groups here are being pressed by Union of Orthodox Rabbis for funds in connection with appeal for \$1,000,000 from Rabbi of Neutra and President Freudiger of the Budapest Jewish Community, reported in above cable from Bern. JDC has already cabled Saly Mayer to discuss this matter with Sternbuch.

Please send me at once your views concerning the proposal and in particular, advise me whether the suggested payment will in your opinion produce results. Will you also consult Saly Mayer and in your message to me include Mayer's views which we will send on to the JDC.

THIS IS WRB BERN CABLE NO. 59.

June 26, 1944
2:15 p.m.

FH:lab 6/26/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: June 26, 1944
NUMBER: 4066

CONFIDENTIAL

With reference to your message of June 22, Number 2128, we are today sending to the Foreign Office for dispatch via Swiss diplomatic pouch the context of the note.

HARRISON

CABLE TO AMBASSADOR STEINHARDT FOR HIRSCHMANN FROM WAR REFUGEE BOARD

Please refer to memorandum of May 15 concerning rescue of Jews in Greece prepared by Alfred Cohen and forwarded to the Embassy in Ankara by Ambassador Mac Veagh at Cairo.

We await report from you before taking action on Cohen's recommendations.

This is War Refugee Board Cable to Ankara no. 59.

10:25 a.m.
June 26, 1944

MJMarks:dh 6/23/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Ankara
DATED: June 26, 1944
NUMBER 571

CONFIDENTIAL

FOR HIRSCHMANN FROM WAR REFUGEE BOARD

Please refer to memorandum of May 15 concerning rescue of Jews in Greece prepared by Alfred Cohen and forwarded to the Embassy in Ankara by Ambassador Mac Veagh at Cairo.

We await report from you before taking action on Cohen's recommendations.

THIS IS WAR REFUGEE BOARD CABLE TO ANKARA NO. 59.

HULL

CABLE TO AMBASSADOR STEINHARDT, ANKARA, TURKEY, FROM THE WAR REFUGEE BOARD

S E C R E T

Please refer to your No. 1125 of June 21.

The report concerning the action taken by the Rumanian Government is highly encouraging. The War Refugee Board is prepared to do all within its power to cooperate in aiding the evacuation of Jews from Rumania. We anxiously await further reports on this matter.

Please advise whether this action of the Rumanian Government has been made public in Turkey or elsewhere to your knowledge.

THIS IS WRB ANKARA CABLE NO. 60.

June 26, 1944
3:25 p.m.

NJM:bbk - 6/26/44

APOSTOLIC DELEGATION
3339 Massachusetts Avenue
WASHINGTON, D. C.

No. 581/42

June 26, 1944

My dear Mr. Stettinius:

I wish to acknowledge your esteemed communication of June 24, 1944, regarding the plight of Jews and other persons detained in camps by the German and satellite governments for reasons of race, religion or political belief.

Today I have communicated the substance of your communication to His Eminence, the Cardinal Secretary of State, and it is a pleasure to assure you that the Holy See will do everything in its power to obtain for these unfortunates a treatment similar to that accorded to civilian internees.

As soon as a response is received from the Holy See it will be my pleasure to inform you of the content of the same.

With the assurances of my highest consideration, and of my deep personal regard, I remain

Yours very sincerely,

(signed)

A. G. Cicognani
Archbishop of Laodicea
Apostolic Delegate

The Honorable

Edward R. Stettinius

Under Secretary of State

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

128
DIVISION OF
COMMUNICATIONS
AND RECORDS

TC - 1

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

La Paz

Dated June 26, 1944

Rec'd 5:58 p.m.

Secretary of State,
Washington.

JUN 27 1944

1269, June 26, 4 p.m.

Upon delivering this morning the Department's invitation to the Bolivian Government to send a representative or representatives to the Monetary Conference to be held July 1 (reference Department's telegram No. 684, June 24, 3 p.m.), the Bolivian Minister of Foreign Affairs stated that he would immediately instruct Ballivian of the Bolivian Embassy at Washington to represent the Government at the conference. The Foreign Minister expressed his deep appreciation for the invitation.

WOODWARD

LMS-HTM

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF ¹²⁹
COMMUNICATIONS
AND RECORDS

AMT-991

PLAIN

Rio de Janeiro

Dated June 26, 1944

Rec 5:45 p.m.
DIVISION OF

Secretary of State,
Washington.

2316, Twenty-sixth.

Because of plane delay, Brazilian delegation to Monetary Conference left Rio 6 a.m. June 26 and will take plane for Washington leaving Miami 9 a.m. June 29.

Please arrange necessary reservations on special train and at Hotel Bretton Woods for Ivan White who is accompanying Brazilian delegation.

C. FFERY

WTD
F.JH

RECT-36

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

Moscow

Dated June 26, 1944

Rec'd 8:15 p.m.

Secretary of State,
Washington.

JUN 27 1944

US URGENT.

2290, June 26, 5 p.m.

Reference Department's 1471 of June 10, 7 p.m.

Embassy took up the question of Mrs. Morgenthau's invitation to Mrs. Molotov again on June 14. Tsarapkin inquired as to how Mrs. Molotov's participation would be arranged, that is, whether she would speak on a radio hookup direct from Moscow or whether a message from her would be read, presumably in translation, from a radio station in the United States. Please advise.

HARRIMAN

LMS
EJH

SECRET

COPY NO 11

OPTEL No. 208

Information received up to 10 A.M. 26th June 1944.

1. NAVAL

Normandy Improved weather, unloading rate greatly increased though restricted by shell fire on eastern flank; an ammunition coaster hit and set on fire. U.S. Battleships and Allied Cruisers bombarded CHERBOURG yesterday, return fire from shore batteries heavy and accurate; all but one silenced. A U.S. Battleship, one of H.M. Cruisers and 3 U.S. Destroyers suffered some damage. 3 E-Boats escaped from CHERBOURG early this morning and although engaged by H.M. Ships are believed to have entered LE HAVRE. One of H.M. Cruisers damaged by mine. Several mines swept in assault area 24th but minelaying still serious and restricting ships' movements. One of H.M. Frigates torpedoed by U-Boat off DEVONSHIRE yesterday and in tow. 3 M.T.B.'s attacked 4 Trawlers off Dutch Coast yesterday and damaged 2 of them.

2. MILITARY

France U.S. troops have reached coast east of CHERBOURG and have entered outskirts of town at several points against strong resistance. A British attack in a southerly direction from East and West of TILLY SUR SEULLES made progress; our forward troops are now about half mile N.E. of VENDES and are established just East of HOTTOT. Strong opposition encountered in FONTENAY LE PESNEL where unconfirmed reports state 13 German tanks destroyed.

Russia No report beyond official communique.

Burma Chinese and Chindit troops are fighting in the southern and eastern outskirts of MOGAUNG.

3. AIR OPERATIONS

Western Front 24th/25th. Total 2,678 tons dropped on flying bomb installations. 25th. U.S. Heavy bombers (8 missing) dropped 1,008 tons on 4 airfields, 16 electric power installations and an oil dump in FRANCE and 378 more heavy bombers (5 missing) attacked railway bridges and airfields. Escorting fighters scored 28:0:11 results: airfields good to excellent. Electric power installations - 4 good to excellent; 4 good 6 poor; 2 unobserved. Bomber command Halifaxes (2 missing) Lancasters and Mosquitoes dropped 1,153 tons on flying bomb installations. Clear weather, good visibility good concentrations reported on 3 launching sites, 1 hit with 12,000 pound bomb on a large site. Aircraft of A.E.A.F. dropped 329 tons on fuel dumps and communications and damaged or destroyed over 80 motor vehicles, tanks and many railway wagons, enemy casualties 32:2:17, allied 14:0:2.

25th/26th. 42 Mosquitoes sent to synthetic oil plant ROMBERG near DUISBURG and 16 on bomber support. All returned safely.

German Activity. Between 6 A.M. 25th and 5:30 A.M. 26th, 95 flying bombs launched of which 90 crossed the coast; 32 reaching LONDON area and 17 PORTSMOUTH/SOUTHAMPTON area. Fighters destroyed 22 and balloons 3.

Southern France 25th. Heavy bombers of XV U.S. Air Force bombed railway centre AVIGNON 352 tons, ARLES railway bridge 98 tons, telephone exchange LE PONTET, near AVIGNON 54, oil installations and railway centre SETE 517 and oil installations near SETE 119.

Russia 21st. Shortly after arrival U.S. shuttle bombers and escort POLTAVA, Germans carried out 2 hour attack causing heavy damage to airfield, aircraft and fuel dumps; 53 Fortresses, 2 Dakotas and a Lightning destroyed on the ground.

4. HOME SECURITY

6 p.m. 25th to 6 a.m. 26th. LONDON 29 incidents in 22 boroughs mainly in east, north-east and south-east. 1 medium fire GREENWICH; 1 serious incident BETHNAL GREEN elsewhere. Damage to property and some casualties EASTNEY and NEWPORT, ISLE OF WIGHT. Casualties 6 P.M. 24th to 6 A.M. 25th. Killed 44, seriously wounded 98.

132

6/27/44

Carbon copy to Mr. Dan Bell at Secretary's request.

June 27, 1944

9:35 am

(Telephoned from the Farm)

I just talked to Admiral Leahy and I told him I understood the President was going to see H. H. Kung and that State and War and Treasury hoped that the President would not discuss exchange rates with Kung and that if he brought the question up would the President tell Kung to take it up with the Treasury. Leahy said he would see the President in a few minutes and tell him that.

TOP-SECRET

134 ✓

THE WHITE HOUSE
WASHINGTON

27 June 1944

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

The proposed cable from the President to Prime Minister Churchill re French currency notes, which was submitted for the President's approval on 23 June 1944, was sent out over the President's signature as message #572, 26 June 1944.

The message was sent as submitted with the exception of the last sentence of paragraph 2, starting "If we wanted" and ending "other liberated areas," which was deleted.

Very respectfully,

Henry W. Putnam

HENRY W. PUTNAM,
Captain, A. C.

TOP-SECRET

Regraded Unclassified

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE June 27, 1944

TO: Mrs. Klotz

FROM: Mr. Gamble



Following up my memo of yesterday regarding the Secretary's visit to Philadelphia on July 4th, this is to advise you that there is a field in the Navy Yard suitable for landing. Both Secretary Forrestal and Admiral King's planes will land there. It is called Mustin Field and the signal is "Mustin Tower".

They would like the Secretary there around 3:30 P.M. The Navy advises me that he will be met by the Commandant and taken to the program center. If you are able to give me the approximate arrival time of the Secretary, I will double check with the Navy to see that he is properly met.

June 27, 1944

Dear Orson:

I want you to know how much I appreciate your help in Texarkana, Los Angeles and Chicago. The material you prepared for me is by far the best I have ever had. I am particularly impressed with the way you caught what I was trying to say, and brought it back to me in a way that could not have been improved upon.

I hope we will be able to work together again in the future. As we get nearer to victory, our job seems to increase instead of diminish, and it will take everything we all have to get it done.

Sincerely,

(Signed) Henry Morgenthau, Jr.

Mr. Orson Welles
427 North Canon Street
Hollywood, California

FS:mlf

June 27, 1944

Dear Orson:

I want you to know how much I appreciate your help in Texarkana, Los Angeles and Chicago. The material you prepared for me is by far the best I have ever had. I am particularly impressed with the way you caught what I was trying to say, and brought it back to me in a way that could not have been improved upon.

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Sincerely,

(Signed) Henry Morgenthau, Jr.

Mr. Orson Welles
427 North Canon Street
Hollywood, California

FS:mlf

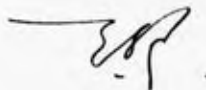
THE WHITE HOUSE
WASHINGTON

June 27, 1944

Dear Henry:

Many thanks for looking into the question of the theatre tax, and for sending me the memorandum from your Tax Research Division.

Affectionately,

A handwritten signature in dark ink, appearing to be 'F.D.R.', is written below the typed name.

June 27, 1944.

MEMORANDUM

TO: Secretary Morgenthau
FROM: Mr. Gaston

SUBJECT: Appointment of a Collector of Customs at El Paso, Texas.

I succeeded in getting Senator Connally on the phone shortly after 5:00 o'clock on Friday, the 23rd. I told him that we were being pressed to send over to the White House a recommendation for Collector of Customs at El Paso, but that you didn't want to do this if he, Senator Connally, had any objection, especially in view of the fact that he had been so helpful to you in various matters. The Senator said he appreciated very much your taking that position and that he didn't want the name to go over just yet. He said that he hoped to be able to get in touch with Senator O'Daniel within the next day or two so that they could join in the recommendation of a Texas nominee for the place. He suggested that we could inquire into his nominee's qualifications and then reach our decision whether we wanted to appoint a Texas man or a New Mexico man. He said "You can decide which man you want." I told him that was a decision that I personally would not feel competent to make and that the Treasury was primarily interested in getting a good man for the place.

The position of Collector of Customs at El Paso has been vacant for a year, Adrian Pool having resigned, giving the reason of ill health, effective June 30, 1943. The Assistant Collector, George B. Slater has been Acting Collector since then. Pool actually resigned at my request, after I had consulted with both Senator Connally and Congressman Thomason (of El Paso). Pool's drunken sprees were increasing in frequency and the matter had become a scandal in El Paso. He had been repeatedly warned and made repeated pledges which he was unable to keep. Mrs. Pool shortly afterward came to Washington to try to get herself appointed to the vacancy. She asked me if we would consent to her appointment if she were able to get the necessary political recommendations.

- 2 -

I told her that I personally would not make any objection. Knowing that the New Mexico people had always contended that they had at least an equal right with Texas to be consulted on the El Paso appointment, she went first to the New Mexico Senators, Hatch and Chavez, and got them to agree not to oppose her appointment. They told her, however, that they would oppose any other Texas appointment. She then went to Senator Connally, who frankly expressed to her doubt of the wisdom of appointing her, believing that it would invoke a great deal of criticism as merely enabling Adrian Pool to continue in the job under his wife's name even though she said that she could undertake to assure him that Adrian would not visit the Customhouse or have anything to do with Customs matters.

On February 7 of this year Senators Hatch and Chavez of New Mexico jointly recommended the appointment of Howell Gage of Carlsbad, New Mexico, as Collector. I notified Senator Connally on February 9 and asked if he agreed. His secretary called up the following day to ask that the nomination be held up as he wished to suggest the name of a Texas man for the position. On March 30 Chairman Hannegan asked that we go ahead with the character investigation of Howell Gage and advise him of the result. The investigation was completed and gave Gage a clean bill of health and on May 12 Chairman Hannegan advised us that the appointment of Gage as Collector had the approval of the Democratic National Committee. This approval was repeated over the telephone on May 15 by Boyle, Hannegan's assistant. We suggested to Mr. Boyle that it would be very desirable to get some form of clearance from Senator Connally before sending the name over. Boyle undertook to do this.

On June 17 Jim Barnes called me from the White House to inquire about the appointment and I told him that we were waiting to hear from Boyle as to the result of his talk with Senator Connally. Barnes said he didn't see any reason for holding up the recommendation any longer and asked that it be sent over. The same day I called Senator Connally's office and being unable to get him told his secretary that we were being pressed to send over the nomination of the New Mexico man and that I was calling Senator Connally because I had promised to advise him before any name was sent

- 3 -

over. Later I talked with Boyle, who said Senator Connally had talked with him following my telephone call and had asked that we hold up sending over the recommendation until Monday, June 19, when the Senator would phone back to Mr. Boyle. We called Boyle on June 19 and repeatedly thereafter and always got the word that Boyle was still endeavoring to see Senator Connally.

This was the situation when on Friday, June 23, Senator Chavez called me at 2:48 in the afternoon and told me that Boyle of the National Committee had told him that I was holding up the nomination. I told him there must be some misunderstanding because I was waiting to hear from the Democratic National Committee. I then endeavored to get Boyle on the phone, but instead Bob Hannegan came on the phone. He said he was satisfied that Connally was avoiding them, that he didn't think Connally had any real objection to the appointment of a New Mexico man but that he just didn't want to be on record as agreeing. Senator Chavez called me back almost immediately after I had talked with Hannegan and told me that Hannegan had advised him that they were making an unqualified recommendation of Gage and pleaded very strongly that the nomination be rushed up that afternoon so that it could be acted on before adjournment. I told him that I would present the matter to you upon your return from Cabinet. I also told Barnes the same thing. After talking to you on your return, I advised Barnes, Boyle and Chavez that since the whole matter was new to you and in view of the conflicting claims of the two States you would like some time to go into it and didn't feel warranted in sending the name over that day.

Texas has the headquarters ports of four collection districts. They are at Port Arthur, Galveston, Laredo and El Paso. The El Paso district includes all of the State of New Mexico and that relatively small portion of Texas west of the Pecos. There are three sub-ports of the El Paso district in Texas and one at Columbus, New Mexico. Appointments of Collectors have been made in the past both from New Mexico and Texas. Two El Paso Democrats held the position in President Wilson's administration. The first appointment in the Harding administration was of a former

- 4 -

New Mexican who had established residence in El Paso. Appointments by Coolidge and Hoover were from New Mexico. Adrian Pool of El Paso, who also had formerly lived in New Mexico, was appointed in 1933 on the joint recommendation of Senators Connally and Sheppard of Texas. The arguments of the New Mexico Senators are that the appointment belongs of right to New Mexico, or at least should be shared with Texas on the ground that geographically New Mexico comprises the greater part of the collection district and that the Texas Senators have three other Collectors of Customs. Senator Connally's reply to this is that the custom has been for the Republicans to appoint New Mexicans and for the Democrats to appoint Texans. It is apparent that a Republican administration would find more political advantage in appointing a Collector from New Mexico than one from Texas. The position of the Democratic National Committee and of Jim Barnes of the White House is that New Mexico deserves some recognition and that Texas has had the job for ten years under this administration.

Senator Chavez in his last conversation with me said he hoped you would consider "the four votes back home", meaning I suppose the four members of the New Mexico delegation in the two houses of Congress.

The recommendation which you signed is being held on my desk.

Treasury Department
Division of Monetary Research

141-A ✓

Date June 27, 1944.....19

○
To: Secretary Morgenthau

Attached are two memoranda:

The first is a brief analysis of the British proposals on the Bank, on which I sent you the documents yesterday.

The second is a brief discussion of some unsettled questions on the Bank. This should be helpful to the delegates in considering the problems that will arise at the Conference.

H. D. White

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

MEMORANDUM FOR THE SECRETARY

The U.K. Bank Proposal

Omitting minor points, the chief differences of the British proposal are almost exclusive emphasis on guarantee of loans with strict limitation upon direct loans out of subscribed capital, more flexible provisions for amortization, inclusion of the establishment of exchange equilibrium as one of the purposes of loans, and the practical prohibition of distributing earnings.

Capital. 20 percent of the capital only is to be called and used for direct loans. The local currency portion may not be used without the consent of the member. Other assets, apparently including gold, are to be freely disposed of. 80 percent of the capital is to be uncalled and reserved for use only to meet guarantees. Payments are to be made in the currency needed or gold.

Direct Loans. Direct loans may be made from capital or from borrowed funds if the lending country consents to a free transfer. In addition to the purposes provided in the U. S. plan, the U. K. version adds loans to provide gold and foreign exchange to help balance the exchange position of the members. These funds could come from either guaranteed or direct loans. On direct loans, the British propose a liberal policy, not to seek full security from risk but rather to avoid loss in the aggregate although not in the particular case. The

annual charges on loans are to consist of a single uniform rate of interest plus a uniform commission of 1 percent to cover the expenses and risk of the Bank plus an amount of amortization to be made flexible with the conditions of the borrowing country. These charges are to be paid in local currency or in gold.

Guarantees. Guarantees are to be made only if the member country imposes no obstacle to transfer. The guarantee is to be secured only by a flat 1 percent commission plus the profits and the liability on uncalled capital. The wording of the proposal implies that the original capital could not be used as part of the guarantee. In all cases particular attention is to be given to loans whose purpose would aid the establishment of exchange equilibrium.

Withdrawal, Suspension and Profits. A member withdrawing or suspended is to be liable for a pro rata share of the losses on guarantees made during its membership. The original capital subscription and other earnings are to be repaid to the withdrawn member entirely at the discretion of the Bank and in an amount deemed reasonable by it. No profits are to be distributed without a 75 percent vote of the governing board, or on the liquidation of the Bank.

- 3 -

Significant Omissions. The U. K. proposal includes no provisions for member country guarantee of the gold value of the Bank's assets. It eliminates provisions for the gold value of interest and amortization payments since these are to be made entirely in local currencies. The U. K. has as yet not prepared its statement on bank management.

MEMORANDUM FOR THE SECRETARYQuestions at issue on the Bank

1. A number of countries wish to have the Bank make loans in gold for currency reserves.

The technical experts of China, Czechoslovakia, and a number of other countries have suggested that the reconstruction of their monetary systems after the war would be facilitated if they could secure loans in gold to be retained by their Treasuries or Central Banks as currency reserves. In many countries confidence in the currency would be considerably strengthened by the holding of such reserves. The point is made that loans for this purpose are as essential to reconstruction as loans for acquiring equipment for industry.

The American technical advisers have recognized that there is some merit in this contention. There can be no doubt that in many countries, the securing of a loan for currency purposes and the holding of reserves of gold would give the public greater confidence in the currency system. It is, nevertheless, questionable whether with the great need for reconstruction loans, it would be wise from the point of view of such countries to tie up needed resources of gold and foreign exchange in the form of such unused reserves.

Furthermore, it should be noted that the International Monetary Fund is designed to secure public confidence in currency systems through the establishment of a permanent institution for international monetary cooperation whose purposes are to provide stable and orderly exchange rates. Where foreign exchange resources are actually needed for use in meeting adverse balances on current account, and only to the extent that they are needed, the International Monetary Fund would be in a position to provide such resources under conditions that safeguard the Fund.

The establishment of the Fund and the provision of foreign exchange resources in this manner is the most economical and most efficient method of securing public confidence in the

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stability of exchange rates. For this reason, the American technical advisers are of the opinion that it would be desirable to avoid loans of this character through the Bank for Reconstruction and Development. Obviously there is no limitation on any country's securing loans for currency purposes in private markets.

2. Several occupied countries wish to have the Bank make loans for procurement of stocks of essential materials and inventories depleted during the war or destroyed by enemy action.

It is quite clear that the economy of a country cannot function effectively without the necessary raw materials. In many of the occupied countries basic working stocks of materials have been used up during the war or have been seized or destroyed by the enemy. Any program for reconstruction must include the restocking of raw materials and inventories for industry. In some cases, governments are already using their own resources for this purpose, building up stocks of such goods in neutral countries and in the United Nations. Some countries such as Czechoslovakia may not have independent resources for this purpose.

Under any circumstances, there will be industrial enterprises in some countries whose plant and equipment are still in working order, but who will need loans for raw materials. The obvious need for providing such essential materials and inventories leads the American technical advisers to the belief that it would be desirable in some instances to provide loans of this character. Such loans should be exclusively for basic stocks of materials, and not to meet the seasonal needs which are properly a matter of short-term financing by commercial banks. If loans of this character are made, they should be carefully safeguarded from abuse and should be extremely limited in amount.

3. Several of the Latin-American representatives wish to have the Bank authorized to make loans for agricultural development.

If the Bank is to fulfill its function of providing capital for reconstruction and development, it must be prepared to provide

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for agricultural development as well as industrial development. In many countries, particularly the Latin-American Republics, the most promising means for the development of their natural resources is in the extension of scientific agriculture. From the point of view of the great industrial countries, the lending countries, the development of resources of raw materials is fully as important in the growth of their international trade as development of industrial projects.

It should be clear, however, that loans of this character are not to be of the type commonly thought of as loans for encouraging and financing farm ownership. The loans should be for the development of agricultural production. What should be included in agricultural development is the reclamation of farm lands, irrigation projects, the provision of public utility facilities in rural areas, and similar projects related to agricultural production rather than the encouragement of farm ownership.

4. Several Latin-American countries favor having the Bank make local currency loans.

In a number of Latin-American Republics the facilities for raising capital locally are entirely inadequate. The greater part of capital available for lending goes into mortgages on real estate at relatively high rates of interest. Funds are not generally available in adequate amount for investment in industrial projects. For this reason, a number of countries have taken the view that the Bank should make loans in local currencies for development purposes. This would be done by lending the local currency holdings of the Bank, or by guaranteeing foreign loans the proceeds of which would be sold for local currency.

The United States technical advisers hold to the view that it is not desirable for a country to incur foreign exchange obligations merely for the purpose of securing local funds. Such loans burden the balance of payments of the borrowing countries and are a needless drain on the accruing foreign exchange resources of the countries in meeting interest obligations.

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The Bank is intended to encourage genuine international investment, where the loan funds are spent abroad for capital and equipment for productive projects in the borrowing countries. It is not designed to encourage borrowing abroad for purposes of spending at home. However, in exceptional cases, where local currency is needed for the domestic part of a project involving international investment, the Bank could reasonably be expected to provide the local funds if they cannot be obtained locally at reasonable rates of interest.

5. Some of the occupied countries favor a reduction of capital subscription for countries that have suffered substantial damage from enemy action or occupation.

As with the International Monetary Fund, the technical experts of Russia have stated very strongly the case in favor of reduction of subscriptions for countries that have suffered from enemy action or occupation. They hold that the needs of such countries during the post-war period will be so great that they cannot commit any considerable amount of their resources to subscriptions to the Bank. The Russian experts favor a reduction in the subscriptions required of occupied countries without a corresponding reduction in their votes. Other invaded countries, including Russia, wish to have a reduction in the gold portion of the initial payment of the subscription, perhaps by as much as twenty-five or fifty per cent.

In discussions with the technical experts of other countries, the United States technical advisers have taken the view that no hardship is suffered by any occupied country in subscribing to the Bank. If the country finds that it has no resources available for investment, its subscription to the Bank will not be used directly for foreign loans. The greater part of the subscriptions, perhaps as much as eighty per cent, will be retained in the form of capital reserved for meeting guarantees of the Bank. The portion of the subscribed capital paid in national currencies cannot be loaned by the Bank except with the consent of member countries. Except for the gold subscription, which is relatively small, a country does not surrender any foreign exchange resources in subscribing to the Bank.

The principal obligation of members is the assumption of liability to contribute funds up to the amount of the subscription to meet defaults on loans guaranteed by the Bank. Since such calls would be for relatively small amounts in any given year, they are not likely to put pressure on member countries until some considerable time after the period of reconstruction. Even then only relatively small sums might be needed in any one year.

6. The United Kingdom favors the calling in of only a small proportion of the capital subscription.

Under the proposal for a Bank presented by the United States technical advisers, it was provided that an initial payment of 20 percent be made on the capital subscription. The remainder of the subscribed capital was to be called as needed by the Bank. It was intended, however, that the greater part of the uncalled portion of the subscribed capital be reserved as a surety fund to meet the obligations of the Bank on securities guaranteed or issued by the Bank. The published proposal for the Bank provided that the initial payment of 20 per cent on capital would be used for loans made by the Bank where funds cannot be secured from private investors on reasonable terms. If additional funds, beyond the initial payment on capital, should be needed for direct loans it would be possible to raise such funds by having the Bank issue its own securities or by calling in part of the unpaid capital.

The British technical experts favor the limitation of the direct lending of subscribed capital to a maximum of 20 percent which would be called as the initial payment on the capital subscription. The remainder of the capital subscription would not be called to provide funds for direct loans, but would be regarded as unconditionally committed to meeting the obligations of the Bank on securities it issues or guarantees. If it becomes necessary to draw on the capital to meet such obligations, each subscribing country would meet a uniform proportion of its unpaid subscription in the form of gold or freely transferable exchange.

In the opinion of the United States technical advisers the difference between the American proposal and the British proposal is a minor one. Investors in securities guaranteed by the

Bank must be given the assurance of a limitation on the use of the subscribed capital of the Bank for direct loans. It is a matter of opinion whether the limit should be the amount of the initial payment of 20 per cent of the subscribed capital, or some other amount. There is no fundamental objection to placing this limit at 20 per cent of the capital.

7. A number of countries favor authorizing the Bank to invest a part of its capital in equity securities.

The proposal presented by the United States technical advisers provides that a small portion of the capital payment may be used in the purchase of equity securities. The purpose of this provision is to encourage the use of equities in international investment in order not to burden the balance of payments of member countries with fixed security obligations. The assumption is that there may be occasions when the participation of the Bank in the purchase of a moderate amount of equity securities would make possible the floatation of considerably larger issues. A number of Latin-American Republics have favored this proposal and, in fact, the original proposal was included partly because of this preference of the Latin-American technicians.

While recognizing the desirability of the purpose, it is questionable whether the Bank should utilize any of its resources in this manner. As the owner of equity securities, the Bank would in effect be participating in the management of enterprises. In the nature of things, such ownership would involve the Bank in national tax problems, transportation problems, labor problems, and similar questions. It would seem desirable for the Bank to avoid any type of operation which might bring it in conflict with member countries.

For this reason, the American technical representatives are now of the opinion that it would be preferable not to provide for investment in equity securities. If anything can be done by the Bank to encourage investment in equity securities, it should be done by providing for the registration of equity securities under guarantee of the government of the country concerned that the earnings on such securities will be transferred free of exchange restrictions to the country in which the securities were originally issued.

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8. A number of countries feel that the proceeds of any loan guaranteed or made by the Bank should be free exchange available to the borrower for expenditure in any market.

The proposal of the United States technical advisers contains the provision that the Bank will impose no conditions as to the particular member country in which a loan will be spent. On loans made by the Bank, it would provide the funds in the currencies needed by the borrower in connection with the loan. That is to say, the Bank would not restrict borrowers by requiring them to spend the proceeds of their loans in the United States, in the United Kingdom or any other country. Instead, the Bank would provide dollars for expenditures in the United States, sterling for expenditures in England, and the appropriate currencies for expenditures in other countries. On loans guaranteed by the Bank, the proceeds of the loan in the currency in which it is made would be available for expenditure by the borrower in whatever markets can supply the needed capital goods. Since the currency in which the loan is made is determined by the capital market and the Bank acts simply as guarantor, there is no problem of providing the funds suitable for the country in which the loan is to be spent.

The United Kingdom experts believe that loans made by the Bank should be provided in free exchange which may be spent in any country, regardless of the currency in which the loan is made. That is to say, a country might borrow dollars from the Bank and use these dollars in the foreign exchange markets to purchase sterling, guilders, francs or other currencies.

In the opinion of the United States technical advisers, it is not feasible to provide this type of arrangement. Since no loan can be made by the Bank without the approval of a country whose currency is lent, a loan of dollars for this purpose would require the approval of the United States, and a loan of sterling would require the approval of the United Kingdom. Under the circumstances, it is quite likely that regardless of the provision that the Bank would impose no conditions upon the use of loans it makes, it is quite conceivable that the United States would make the granting of loans in dollars or the United Kingdom

would make the granting of loans in sterling conditional upon the expenditure of the funds in their own countries. It is better to recognize this fact and to permit the Bank to provide the currencies of the countries in which the loan will be spent.

9. The United Kingdom representatives favor a single flat-rate guarantee fee and want the guarantee fees retained as reserves to meet losses on guaranteed loans.

The guarantee fees received by the Bank are obviously not income to be distributed among the participating countries. The guarantee fees are intended to be used to meet the losses on loans guaranteed by the Bank. The United States technical advisers have themselves proposed that all of the guarantee fees, and 1 per cent out of the interest on direct loans, be placed in a reserve account to meet losses on loans made or guaranteed by the Bank. When the guarantee fees have resulted in the accumulation of a reasonable reserve, say 25 per cent of the outstanding loans, further payments on guarantee fees may be considered as income.

In the opinion of the United States technical advisers, it would be most desirable to adjust the guarantee fee to the credit of the borrower and to the extent of the guarantee. It may be that partial guarantees will not prove attractive to private investors and that the Bank will be compelled to make full guarantees in connection with loans. Further, it may not be possible for the Bank to differentiate in the guarantee fee charged to member countries. Even this is not disadvantageous, since it would have the effect of compelling countries to whom the guarantee fees seem excessive to resort to the market without the guarantee of the Bank. If a uniform guarantee fee is established, it is believed that a fee of 1 per cent on the original capital would be reasonable.

I.M.C.(44)(B)5.
25th June, 1944

DRAFT OUTLINE OF A PROPOSAL FOR
A BANK FOR RECONSTRUCTION AND DEVELOPMENT

U.S. draft of November 1943 incorporating
suggestions made by U.K. Delegation

Preamble

1. As in U.S. draft
2. " " " "
3. " " " "
4. " " " "

I. The Purpose of the Bank

1. As in U.S. draft
2. " " " "
3. " " " "
4. " " " "
5. " " " "

II. Capital Structure of the Bank

1. As in U.S. draft
2. " " " "
3. " " " "

4. The subscribed capital of the Bank shall be divided into two parts as follows:-

- (a) 20 per cent of the subscription of each member country shall be callable by the Bank as and when required, some portion of which (not to exceed 20 per cent) shall be paid in gold and the remainder in local currency. The proportions to be paid in gold and local currency shall be graduated according to an agreed upon schedule which shall take into account the adequacy of the gold and free foreign exchange holdings of each member country. These subscriptions shall be available for direct loans made by the Bank out of its own funds under (IV)(1)(a) below.
- (b) The remaining 80 per cent shall be callable by the Bank, as and when required to implement, where necessary, guarantees given by the Bank under IV(1)(b) and (c) below and shall not be callable for any other purpose. Amounts callable under this clause shall be paid either in the currency required to implement the guarantee or in gold or in currency which is convertible under the terms of the I.M.F.

5. The local currency subscribed under II(4)(a) above shall not be expended except with the permission of the member country under IV(4) below. Member countries agree that all other local currency holdings and other assets of the Bank located in their country, provided that they have been acquired or borrowed with their permission, shall be free from any special restrictions as to their use."

6. (II(9) of U.S. draft.) The resources and the facilities of the Bank shall be used exclusively for the benefit of member countries.

III. General Provisions for Loans to Member Countries

1. (IV.1. in U.S. draft.) To achieve the purposes stated in Section I, the Bank may guarantee, participate in, or make loans to any member country and through the government of such country to any of its political subdivisions or to business or industrial enterprises therein under conditions provided below:

- (a) (IV.1(a) in U.S. draft.) The payment of interest and principal is fully guaranteed by the national government.
- (b) (IV.1(b) in U.S. draft.) The borrower is otherwise unable to secure the funds from other sources, even with the national government's guarantee of repayment, under conditions which in the opinion of the Bank are reasonable.
- (c) A competent committee has made a careful study of the merits of the project or the programme and, in a written report, concludes that the loan would serve directly or indirectly to raise the productivity of the borrowing country.
- (d) The Bank shall make arrangements to assure the use of the proceeds of any loan which it guarantees, participates in, or makes, for the purposes for which the loan was approved with due attention to considerations of cheapness and efficiency regardless of political or other non-economic influences or considerations.
- (e) The Bank shall guarantee, participate in, or make loans at reasonable rates of interest and commission with a schedule of repayment appropriate to the character of the project and the balance of payments prospects of the country of the borrower.

2. (IV(6) in U.S. draft.) The Bank shall make no loans or investments that can be placed through the usual private investment channels on reasonable terms. The Bank shall by regulation prescribe procedure for its operations that will assure the application of this principle.

3. (IV(7) in U.S. draft.) The Bank shall impose no condition upon a loan as to the particular member country in which the proceeds of the loan must be spent; provided, however, that the proceeds of a loan may not be spent in any country which is not a member country without the approval of the Bank.

4. (IV(8) in U.S. draft.) The Bank in making loans shall provide that:

- (a) The foreign exchange in connection with the project or programme shall be provided by the Bank in the currencies of the countries in which the proceeds of the loan will be spent, and only with the approval of such countries.
 - (b) The local currency needs in connection with the project shall be largely financed locally without the assistance of the Bank.
 - (c) In special circumstances, where the Bank considers that the local part of any project cannot be financed at home except on very unreasonable terms, it can lend that portion to the borrower in local currency.
 - (d) Where the developmental programme will give rise to an increased need for foreign exchange for purposes not directly needed for that programme, yet resulting from the programme, the Bank will provide an appropriate part of the loan in gold or desired foreign exchange.
5. (IV(9) in U.S. draft.) When a loan is made by the Bank, it shall credit the account of the borrower with the amount of the loan. Payment shall be made from this account to meet drafts covering audited expenses.
6. In general, loans made or guaranteed by the Bank, shall be for the purpose of specific projects of reconstruction and development, and except as otherwise provided in this plan, the proceeds of loans shall only be made available to meet specific purposes. In exceptional circumstances, however, the Bank, acting in agreement with the International Monetary Fund, may make or guarantee a loan which provides the borrowing country with gold or foreign exchange for the purpose of establishing its exchanges and allowing a breathing space for the recovery of its economy and the balancing of its international payments."
7. In making or guaranteeing a loan the Bank shall pay due regard to the prospects of the borrowing country being in a position to service the loan; and in determining the destination, the character and the volume of its loans it shall act prudently in the interests both of the borrowing member country and also of the guaranteeing members. At the same time it shall not seek to avoid the incurring of some measure of reasonable risk (taking account of the commission chargeable - see below) where the loan is in the general interests of reconstructing or developing the world's resources or expanding international trade along mutually advantageous lines; and shall seek to conduct its operations taken as a whole in such manner as to avoid, so far as possible, the calling up of the capital reserved for guarantees, rather than seek full security from risk in each transaction taken separately. Those considerations shall govern the lending policy of the Bank especially in approving reconstruction loans to countries which have suffered from the war.
8. It shall be a primary duty of the Bank to secure that loans are not made haphazard but that the more useful and urgent schemes are dealt with first; also to co-ordinate international lending, in the case of loans made or guaranteed by the Bank, with loans through other channels; and in short to see that international lending is on a more wisely conceived plan than it was after the last war.

IV. Powers and Operations

1. The Bank may facilitate the provision of loans to any member country, which satisfy the general conditions of III, in any of the following ways:

(a) By direct loans out of the Bank's own capital subscribed under II(4)(a).

(b) By direct loans out of funds raised by the Bank as a charge against its reserves and uncalled capital (see 8 below) ^{of a member country;} in the market.

(c) By guaranteeing in whole or in part loans made by private investors through the usual investment channels.

2. [The old IV(3)]

3. [The old IV(4)]

4. In the case of loans under 1(a) above, the borrowing country shall notify the Bank in which member countries it desires to incur expenditure to be met out of the loan, and the Bank shall make the required currencies available out of its subscribed capital, provided that the country whose local currency is to be supplied has agreed in each case. If local currency subscribed under II(4)(a) is not available in whole or in part, the Bank shall make it available out of its holding of gold or other free resources, if it possesses an adequate amount of such resources and is satisfied that, without this provision, the country in which the borrowing country desires to place the order, would have difficulty in maintaining the equilibrium of its international balance of payments. Otherwise it shall request the borrowing country to transfer its proposed expenditure to another member country. Furthermore, at the request of the countries in which portions of the loan are spent, the Bank will repurchase for gold or needed foreign exchange a part of the sum expended in the currencies of those countries made by the borrower from the proceeds of the loan.

5. The Bank shall not borrow funds under 1(b) above or guarantee loans under 1(c) above raised in the market of a member country, except with that member's approval and only if that member agrees that the proceeds of the loan may be expended in any member country without restriction. It

follows that, in the case of loans to member countries out of such funds or under such guarantees, there will be no exchange obstacle to the expenditure of the proceeds in the market of any member country in accordance with the preference of the borrowing country.

6. Loans made directly by the Bank to the borrowing country under 1(a) or (b) above shall contain the following payment provisions:-

(a) The annual service of the loan shall be made up of three parts, namely:

- (i) a standard rate of interest fixed by the Bank and the same to all borrowers but modifiable from time to time for new loans;
- (ii) an annual commission at a flat rate fixed at 1 per cent in the first instance but alterable by the Bank from time to time at its discretion for new loans in the light of experience, the same to all borrowers, to cover the general expenses of the Bank, and as a provision against risk (but the particular expenses of investigation, etc., attaching to the individual loan, may be charged separately against the borrowing country and may be paid out of the proceeds of the loan).
- (iii) an annual contribution to amortisation either at a flat, or at a progressive, rate sufficient to repay the capital within a determined number of years, the length of which shall be fixed with regard not only to the character and purpose of the loan, but also (especially in the case of reconstruction loans) to the conditions in the borrowing country which may delay the time within which the country can repay the loan - not normally exceeding 30 years but extensible to 50 years in particular cases.

(b) The loan and its annual service shall be fixed in whatever currency may be stipulated by the Bank when making the loan, and shall be paid, at the option of the borrowing country, in a convertible I.M.F. currency or in gold, or at the discretion of the Bank, in any other currency acceptable to it at the prevailing rate of exchange of the currency in which the service has been fixed.

(c) In the event of the borrowing country suffering from an acute exchange stringency, so that it is unable to provide the service of the loan in the stipulated manner, it may appeal to the Bank for a relaxation of the conditions of payment. If the Bank is satisfied that some relaxation is in the interests of the borrowing country and of the operations of the Bank and the other member countries as a whole it may take action under all, or any, of the following headings in respect of the whole, or part, of the annual service:-

(i) The Bank may in its judgment accept payments in respect of the service of the loan for periods not exceeding three years at a time in local currency. The Bank shall arrange with the borrowing country for the repurchase of such local currency over a period of years on appropriate terms that safeguard the Bank's holdings of such currency. The Bank may also require ^{that} the whole, or part of such currency, may be transferred to another member country in whose hands it shall be freely available to make payments or to purchase exports in the borrowing country (see (9) below).

(ii) The Bank may re-arrange the instalments of amortisation so as to increase the amount due in later years or to prolong the life-time of the loan.

7. The Bank may guarantee loans to member countries through the usual investment channels, charging a flat rate commission of 1 per cent per annum (or other flat rate fixed by the Bank from time to time) payable to it direct by the borrowing country, provided that the Bank is satisfied as to the terms and conditions and purposes of the loan and that its proceeds will be freely transferable for purchases in any member country.

8. All guarantees given by the Bank under 1(b) or (c) above shall be secured only by its receipts from commissions and other profits and by the whole of its uncalled capital.

9. If there is any interruption in the service of a loan provided out of the proceeds of a loan guaranteed by the Bank under 1(b) above, or guaranteed by it under 1(c) above, the Bank shall first meet its obligations out of its net current or accumulated receipts from commissions or other profits. If this source is insufficient, it shall then call up from each member pro rata an appropriate amount of its uncalled capital, which shall be returned to the members meeting the guarantee if the arrears of the loan service are subsequently recovered. Subject to the approval of the Bank, a member part of whose subscription is being called up, to implement a guarantee given by the Bank, may purchase from the Bank the local currency of the country in arrears in lieu of paying up a part of its uncalled subscription.

10. A member country failing to meet its financial obligations to the Bank may be declared in default and it may be suspended from membership during the period of its default provided a majority of the member countries so decide. While under suspension, the country shall be denied the privileges of membership, but shall be subject to the obligations of membership. At the end of one year the country shall be automatically dropped from membership in the Bank unless it has been restored to good standing by a majority of the member countries. Any member country that withdraws or is dropped from the International Stabilization Fund, shall relinquish its membership in the Bank unless three-fourths of the member votes favour its remaining as a member.

11. If a member country elects to withdraw or is dropped from the Bank, it shall be repaid any part of its local currency subscribed under II(4)(a) above which remains in the hands of the Bank, and it shall not be liable to pay up any part of its uncalled subscription except such amount as may be required to implement guarantees given during the period of its membership (after allowing for commissions received in respect of guarantees given during the same period). Any further dividend, in respect of its interest arising from the part of its local currency originally subscribed and not returned to it as above, shall be paid in such amounts and at such times as the Bank, in its free discretion, may judge to be fair.

12. The yearly net profits shall be carried to a reserve to meet subsequent losses under guarantees or otherwise, and shall not be distributed except under the authority of a 75 per cent. vote of the Governing Body or on liquidation.

V. Miscellaneous Provisions

1. (IV.15 in U.S. draft.) With the approval of the representatives of the governments of the member countries involved, the Bank may engage in the following operations:

- (a) It may issue, buy or sell, pledge, or discount any of its own securities and obligations, or securities and obligations taken from its portfolio, or securities which it has guaranteed.
- (b) It may borrow from member governments, fiscal agencies, central banks, stabilization funds, private financial institutions in member countries, or from international financial agencies.
- (c) It may buy or sell foreign exchange, after consultation with the International Stabilization Fund, where such transactions are necessary in connection with its operations.

2. (IV.16 in U.S. draft.) The Bank may act as agent or correspondent for the governments of member countries, their central banks, stabilization funds and fiscal agencies, and for international financial institutions.

The Bank may act as trustee, registrar, or agent in connection with loans guaranteed, participated in, made, or placed through the Bank.

3. (IV.17 in U.S. draft.) Except as otherwise indicated, the Bank shall deal only with or through:

- (a) The governments of member countries, their central banks, stabilization funds, and fiscal agencies.
- (b) The International Stabilization Fund and any other international financial agencies owned predominantly by member governments.

The Bank may, nevertheless, with the approval of the member of the Board representing the government of the country concerned, deal with the public or institutions of member countries in the Bank's own securities or securities which it has guaranteed.

4. (IV.18 in U.S. draft.) If the Bank shall declare any country as suspended from membership, the member governments and their agencies agree not to extend financial assistance to that country without approval of the Bank until the country has been restored to membership.

5. The Bank and its officers shall scrupulously avoid interference in the political affairs of any member country. This provision shall not limit the right of an officer of the Bank to participate in the political life of his own country.

The Bank shall not be influenced in its decisions with respect to applications for loans by the political character of the government of the country requesting a loan. Only economic considerations shall be relevant to the Bank's decisions.

The Bank, acting with the strictest impartiality, shall pay particular regard, both in selecting the places of its

borrowing and of its lending and when facilitating the choice of the place of expenditure under IV(4), to maintaining the equilibrium of the international balances of payments of member countries.

VI. Management

The U.K. Delegation have not yet considered these provisions in detail.

Atlantic City.
25th June, 1944.

AIRGRAM

FROM

RIO DE JANEIRO

DATED: June 27, 1944

REC'D: July 3, 3 pm

SECRET

To the Secretary of State,
Washington, D. C.

A-1195, June 27, 1 p.m.

Following memorandum submitted by Simmons of this Embassy today:

"I took up this morning with Ambassador Velloso, Secretary General of the Foreign Office, the Department's circular airgram of June 20, 1944, 1:30 p.m., concerning our active interest in the question of finding places of safety for refugees, particularly those from Italy.

"In my conversation I reminded Mr. Velloso of the many previous urgent communications of this character which we had received from the Department of State and which had been brought forcefully to the attention of the Foreign Office, emphasizing the crisis which is now occurring and the fact that our Government is extremely anxious that other friendly governments cooperate as far as possible along the lines of our endeavors to find places of refuge for these unfortunate victims of the war. I pointed out in particular the steps we have taken ourselves and the obvious desire of our Government that Brazil endeavor to take parallel action.

"Mr. Velloso said that he was personally in full sympathy with our viewpoint and felt that the Brazilian Government ought to take immediate and energetic action. He said that this question had already been taken up

A-1195, June 27, 1 p.m. from Rio de Janeiro, Brazil

with President Vargas (see Embassy's despatch No. 16511 of June 20, 1944 and previous despatches on this subject), but that the President had thus far shown little inclination to open the doors of Brazil in the near future to any new immigration, even that of the type under consideration. He pointed out the different schools of opinion throughout Brazil in regard to its immigration policy, and said that the present time was one of considerable confusion and uncertainty with respect to just what action should be taken in regard to the broader phases of post-war immigration in Brazil. The President, apparently, had never looked with particular favor on any plan to permit an extensive influx of refugees from Europe, and Mr. Velloso said that he was not particularly hopeful, in spite of our strong representations and in spite of the evident needs of these refugees, that Brazil would follow our line of policy.

"I asked particularly that he do what he could in the matter and that he bring to the President's attention the strong feelings of our Government concerning refugees. He promised to do this."

CAFFERY

JFS:mp

UNITED STATES POLITICAL ADVISER

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ALLIED FORCE HEADQUARTERS

June 27, 1944

AIRMAIL
CONFIDENTIAL

No. 568

Subject: Accomodation and Maintenance of Refugees
in French North Africa.

The Honorable
The Secretary of State.
Washington.

Sir:

I have the honor to transmit as of possible interest to the Department a copy of a letter addressed to General Bethouart, Chief of Staff of National Defense of the French Committee of National Liberation, by Lt. General Gammell, Chief of Staff, AFHQ, with regard to the accomodation and maintenance of refugees in French North Africa.

Respectfully yours,

Robert D. Murphy
American Ambassador.

Enclosure:
1. Copy of letter
described above.
File No. 711.5
CO:jed
Osalid copy to Department.

ENCLOSURE No. 1 to DESPATCH no. 563 FROM ROBERT HURRY ON THE
SUBJECT ACCOMMODATION AND MAINTENANCE OF REFUGEES IN THEATRE
NORTH AFRICA.

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12 June 1944

General Bethouart
Chief of Staff of National Defense

My dear General Bethouart:

I wish to draw to your attention a problem which, in the
opinion of the Supreme Allied Commander, Mediterranean Theater,
is becoming one of great importance in the Mediterranean Theater.

Consequent upon operations now in progress, particularly in the
Balkans, large numbers of innocent civilians are being rendered homeless by German acts of terror and oppression. Also, due to the normal
dislocation of war, numbers of refugees, principally women and children,
are necessarily endeavoring to escape from the scenes of operations.

Our forces in the Adriatic have for some time been assisting in
the evacuation of refugees from Yugoslavia. The Allied authorities
in Italy have made provision to receive and process these refugees
and to maintain a substantial number of them. A large number have
been evacuated to the Middle East where Allied authorities are main-
taining camps to care for these unfortunates until they can be re-
patriated. The facilities in both these localities are now or will
shortly be extended to their capacity.

The Supreme Allied Commander, Mediterranean Theater, is,
therefore, preparing to use certain of the installations and
facilities which are no longer required for military purposes in
North Africa to house and care for these refugees until repatriation.
The immediate proposal is to complete arrangements for the
accommodation of approximately 10,000 Yugoslav refugees in a camp
situated near Philadelphia. The camp will be operated by the
Allied military authorities until United Nations Relief and
Rehabilitation Administration or other qualified agencies assume
the responsibility. The supply, maintenance and administration
of the camp will, of course, be the responsibility of those
authorities or agencies and no expenditure of other commitment
in respect to the camp or its administration will fall upon the
French authorities, either now or at any later period.

I am asked by the Supreme Allied Commander, Mediterranean
Theater, to inform you of these proposed arrangements and to
express his confident hope that, in view of the urgency and the
humanitarian aspect of the problem, they will meet with the
approval of the French military authorities.

Sincerely yours,

J. A. H. Ganswell
Lieutenant General
Chief of Staff

HMK
Distribution of
true reading only by
special arrangement
(SECRET W)

June 27, 1944

7 p.m.

War Refugee Board

ANCONSUL,

NAPLES.

260

VIA ARMY BARI C/O "DISPER"

To Ackermann, care of Disper, from Pehle, War Refugee Board, as WEB cable 30 in reference WEB no. 3 of June 21 from Naples.

Same exchange arrangement regarding refugees to United States as in case of those for Palestine agreeable to JDC. Both matters under discussion with Military and Treasury here. When final decision made will advise you immediately.

HULL
(GLW)

WEB:MGV:ED
6/27/44

S/CR

SE

WE

EE

9:30 a.m.
June 27, 1944

CABLE TO AMERICAN CONSULATE, JERUSALEM

Please deliver the following message to Dr. Joseph Schwartz,
c/o American Consulate, from Moses A. Leavitt of the American Jewish
Joint Distribution Committee:

"Regarding proposal finance evacuation from Balkans we arrived
following decision after serious consideration Stop While we
appreciate your Magnes Resnik recommendations in view risks involved
we believe responsibility for boats operating without safe conduct
should be shared by War Refugee Board Jewish Agency and Joint Distri-
bution Committee Stop Inlight present situation War Refugee Board
is prepared to assume such responsibility subject to concurrence of
Steinhardt and Hirschmann and we likewise ready to do so Stop We
Approve therefore program up to \$800,000 for 2,600 persons and hope
amount can be reduced by refugee participation Jewish Agency Stop
We prepared provide 500,000 Swiss francs Stop Cable to whom francs
should be paid in Switzerland. Cable also banking instructions for
remittance to Turkey or Palestine as and when sums required Stop
Essential that refugees be warned in advance or risks involved in such
voyages and assume Barlas will be instructed accordingly Stop It is
essential that arrangements be worked out whereby Resnik and Hirschmann
will be kept continuously advised of all plans of Barlas for such
trips and that Hirschmann Resnik approve each project Stop If possible
we would prefer making our remittances directly to Resnik for him to
pay out as and when required by Barlas Stop We cabled Resnik to
give Hirschmann his complete wholehearted cooperation"

Miss Chauncey (for the Sec'y) Abrahamson, Cohn, DuBois, Friedman,
Hodel, Laughlin, Lesser, Mann, Stewart, Central Files, Cable Control Files
FH:lab 6/26/44

CABLE TO LISBON

From War Refugee Board to Norweb

Please deliver the following message to Robert Pilpel,
242 Rua Aurea, Lisbon, from Moses A. Leavitt of the American Jewish
Joint Distribution Committee:

"For your information and that of Dobkin following is text
of message I sent Schwartz today:

"Regarding proposal finance evacuation from Balkans we
arrived following decision after serious consideration
Stop While we appreciate your Magnes Resnik recommendations
inview risks involved we believe responsibility for boats
operating without safe conduct should be shared by War
Refugee Board Jewish Agency and Joint Distribution Committee
Stop Inlight present situation War Refugee Board is prepared
to assume such responsibility subject to concurrence of Stein-
hardt and Hirschmann and we likewise ready do so Stop We
approve therefore program up to \$800,000 for 2,600 persons
and hope amount can be reduced by refugee participation
Jewish Agency Stop We prepared provide 500,000 Swiss francs
Stop Cable to whom francs should be paid in Switzerland.
Cable also banking instructions for remittance to Turkey
or Palestine as and when sums required Stop Essential
that refugees be warned in advance of risks involved in such
voyages and assume Barlas will be instructed accordingly Stop
It is essential that arrangements be worked out whereby Resnik
and Hirschmann will be kept continuously advised of all plans
of Barlas for such trips and that Hirschmann Resnik approve
each project Stop If possible we would prefer making our
remittances directly to Resnik for him to pay out as and when
required by Barlas Stop We cabled Resnik to give Hirschmann
his complete wholehearted cooperation"

THIS IS WRB LISBON CABLE NO. 42.

June 27, 1944
9:26 a.m.

FH:lab 6/26/44

LFG - 461
Distribution of true
reading only by special
arrangement. (SECRET W)

Lisbon

Dated June 27, 1944

Rec'd 9:33 p.m.

Secretary of State,

Washington.

2022, June 27, 7 p.m.

THIS WEB 84 FOR CAHILL BOSTON FROM ELI SARETH DEPTER

Telegram from WEB states 500 Mexican visas granted to Spanish Loyalists in Portugal. Starting selection and other arrangements immediately. Advise arrangements regarding transportation costs. Approximately \$500 needed per person. Unless advised contrary will pay first fares from transportation fund here but will ultimately need considerably larger sum if plans develop. Suggest consultation Bryan.

NORMEB

EDA WCB

CABLE TO MINISTER JOHNSON, STOCKHOLM, SWEDEN, FROM THE WAR REFUGEE BOARD

Please refer to your 2120 of June 13 concerning preliminary claim of 80,000 kronor presented by owners of Bardaland to Swedish Foreign Office as an estimate of indemnity due for charter hire, seaman's war bonus and war risk insurance during period Bardaland was tied up at Piraeus on War Refugee Board negotiations.

In view of fact that owners of Bardaland have only presented a preliminary estimate of indemnity due them, we shall withhold action until final itemized claim is submitted.

This is War Refugee Board Cable to Stockholm No. 36

10:15 a.m.
June 27, 1944

Miss Chauncey (for the Sec'y) Abrahamson, Cohn, DuBois, Friedman, Hodel, Laughlin,
Osser, Mann, Stewart, Central Files, Cable Control Files
MJM:bbk - 6/22/44

HIS
Distribution of true
reading only by special
arrangement. (SECRET W)

June 27, 1944

10 p.m.

From War Refugee Board

AMLEGATION,

STOCKHOLM.

1265

The cable below is for Johnson, is 36 from War Refugee Board and refers to Stockholm's 2120 of June 13 regarding preliminary claim of 80,000 kroner presented to Swedish Foreign Office by owners of BARDALAND.

Since only a preliminary estimate of indemnity due owners of BARDALAND is presented by them now, the Board is withholding action until submission of final itemized claim.

HULL
(GLW)

WRB:MMV:KG
6/27/44

S/CR

NOE NE

BJR - 517
Distribuiou of true
reading only by special
arrangement. (SECRET W)

Stockholm
Dated June 27, 1944
Rec'd 11:59 p.m.

Secretary of State,
Washington.

2343, June 27, 10 p.m.

FOR THE WAR REFUGEE BOARD NO. 38.

The following communication is for Rabbis Kotler and Kalma Nowitz of the Waadha Hazalah Emergency Committee New York from Rabbi Wilhem S. Wolbe. Your remittance has been received and funds in question will be disposed of according to your instructions. We have founded a representative of Waadha Hazalah included as member in which are Rabbis Wolf S. Jacobson, Pinaes and Lehmann. Regret that we have been unable to get any news concerning Lithuania although it is possible that we may get some in the near future. Will cable immediately when anything is received. Rabbis Mendel Krawiec and Meier Pantol of Shanghai wish me to advise you that the Kletsker and Kamenitzer colleges are completely without funds.

JOHNSON

RR
REP

ED-551
Distribution of true
reading only by special
arrangement. (SECRET M)

Stockholm
Dated June 27, 1944
Rec'd 1:49 a.m., 28th

Secretary of State

Washington

2344, June 27, 11 p.m.

(This is our 39 for War Refugee Board-Department's
1246 of June 23.)

Message from Kubewitski to Storch was delivered
in accordance with instructions but Behm was approached
directly by Legation since Behm is an employee of
British Legation here. Storch as a matter of fact
did not know Behm and makes no pretense of knowing
anything about problems in the Balkan countries.
Behm's report was forwarded in pouch leaving here June 16.

Local business man mentioned in our 274 WEB (Le-
gations 2098 of June 12, 9 a.m.) is same individual
mentioned in our 31 WR^B (Legation's 2331 of June 21,
4 p.m.) He is now going in full diplomatic status
and will devote his entire time to humanitarian efforts.
He has given up all of his business connections to
undertake this assignment. Would appreciate very much
any further instructions that the WEB can supply for
the purpose of implementing his mission. His assign-
ment has been approved by Hungarian authorities and he
can leave immediately but is anxious to be fully in-
structed before he leaves.

JOHNSON

HEK
ER

CORRECTION

BE

June 27, 1944

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

In telegram #4005, June 22, 8 p.m. from Bern line 3, delete "from", insert "for". Now reads "Further for Margherita" et cetera.

DIVISION OF COMMUNICATIONS AND RECORDS

WFS

CABLE TO BERN

From War Refugee Board to Harrison

Please deliver the following message to Dr. Gerhardt Riegner, 37 Quai Wilson, Geneva, from Dr. A. Leon Kubowitzki of the World Jewish Congress:

"Concerning your message of May 20 in reference to the evacuation of Jews from Roumania we are informed from Istanbul that all available ships are already being used so that additional funds will only raise prices. Chartering larger ship would be impractical since German safe conduct would be requested. Please investigate further and report."

THIS IS WEB BERN CABLE NO. 60.

9:30 a.m.
June 27, 1944

FH:lab 6/23/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: June 27, 1944
NUMBER: 2183

CONFIDENTIAL

FROM J. W. FEHL, WAR REFUGEE BOARD FOR McCLELLAND

Through Lisbon JDC here has been advised of message from Saly Mayer concerning his contacts in Budapest who have suggested that payment of \$200,000 in Hungary might stop deportations and even allow some departures for safer countries.

Please discuss this in detail with Saly Mayer and ascertain whether payment in question could be blocked in Switzerland and, if not, whether payment could be made in installments and in what currency. I would appreciate an immediate report from you giving your personal views as to the proposal.

THIS IS WEB BERN CABLE NO. 57.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: June 27, 1944
NUMBER: 2184

CONFIDENTIAL

FROM J. W. FEHLE, WAR REFUGEE BOARD FOR McCLELLAND, BERN

Reference Legation's No. 3506, June 2, containing message from Sternbuch to Union of Orthodox Rabbis.

The Board and certain private groups here are being pressed by Union of Orthodox Rabbis for funds in connection with appeal for \$1,000,000 from Rabbi of Neutra and President Freudiger of the Budapest Jewish Community reported in above cable from Bern, JDC has already cabled Saly Mayer to discuss this matter with Sternbuch.

Please send me at once your views concerning the proposal and, in particular, advise me whether the suggested payment will in your opinion produce results. Will you also consult Saly Mayer and in your message to me include Mayer's views which we will send on to the JDC.

THIS IS WRB BERN CABLE NO. 59.

HULL

CABLE TO AMBASSADOR STEINHARDT, ANKARA, TURKEY, FROM THE STATE DEPARTMENT

Following is a personal message from Stettinius.

The development referred to in your No. 1125 of June 21 is the most promising news received in recent months. Congratulations.

THIS IS WEB ANKARA CABLE NO. 63.

June 27, 1944
10:15 a.m.

MJM:bbk - 6/26/44

CABLE TO AMBASSADOR STEINHARDT AND IRA HIRSCHMANN IN ANKARA FROM
WAR REFUGEE BOARD

For your information the following cable has been received
from Lisbon:

QUOTE For your information, British Embassy, Lisbon,
in receipt telegram from British Legation, Ankara, stating
number Jewish refugees Constanza 1,300 not 5,000 as claimed by
Joint here. British representatives Ankara also question sug-
gested transshipment from Istanbul by rail. British claim
railway facilities inadequate even for this smaller number UNQUOTE

THIS IS WRB ANKARA CABLE NO. 61

9:30 a.m.
June 27, 1944

FH:ro 6/26/44

CABLE TO STEINHARDT AND HIRSCHMANN, ANKARA, FROM J. W. PEHLE, WAR REFUGEE BOARD.

Schwartz recently cable d JDC as follows from Algiers:

"Magnes Resnik advise Jewish Agency urgently requests immediate decision following proposal transportation to Istanbul. Utilize MILCA MARITZA similar ships without safe conduct which impossible obtain order transport 2600 persons from Balkans. Agency requests we assist finance costs estimated \$800,000 exclusive participation passengers but agency believes possible reduce cost if part payment half million Swiss francs be made Switzerland. If we cannot participate this project agency asks we provide Swiss francs as loan deductible from any other funds payable agency. Magnes committee recommends (1) our immediate agreement principle participation above transportation project for each passenger arriving Istanbul and unable pay subject determination our representative Turkey, (2) we finance fully all transportation projects which may secure safe conduct with possibilities reimbursement by passengers with means. Our own view we cannot assume responsibility any manner placing people on ships sailing without safe conduct especially since recent sinking MARITZA en route Constanza. However if War Refugee Board ready assume with Jewish Agency responsibility this project we should participate payment transportation costs those actually arrival Istanbul. View large amount involved suggest you discuss with War Refugee Board possibility their participating financial costs. If you consider this advisable view all above circumstances reply here and Lisbon."

With approval of Board JDC has sent following answer to Schwartz in Jerusalem:

"Regarding proposal finance evacuation from Balkans we arrived following decision after serious consideration Stop While we appreciate your Magnes Resnik recommendations in view risks involved we believe responsibility for boats operating without safe conduct should be shared by War Refugee Board Jewish Agency and Joint Distribution Committee. Stop In light present situation War Refugee Board is prepared to assume such responsibility subject to concurrence of Steinhardt and Hirschmann and we likewise ready do so Stop We approve therefore program up to \$800,000 for 2,600 persons and hope amount can be reduced by refugee participation Jewish Agency Stop We prepared provide 500,000 Swiss francs Stop Cable to whom francs should be paid in Switzerland. Cable also banking instructions for remittance to Turkey or Palestine as and when sums required Stop Essential that refugees be warned in advance of risks involved in such voyages and assume Barlas will be instructed accordingly Stop It is essential that arrangements be worked out whereby Resnik and Hirschmann will be kept continuously advised of all plans of Barlas for such trips and that Hirschmann Resnik approve each project Stop If possible we would prefer making

- 2 -

our remittances directly to Resnik for him to pay out as and when required by Barlas."

We will await report and recommendations from you on this matter.

THIS IS WRB ANKARA CABLE NO. 64 .

12:45 p.m.
June 27, 1944

PH:lab 6/27/44

HIS
Distribution of true
reading only by special
arrangement. (SECRET W)

June 27, 1944

6 p.m.

AMEMBASSY,

ANKARA.
576

Reference is made to your 1125 of June 21 in the following WRB cable 60 for the Ambassador.

Report regarding Romanian Government action highly encouraging. Board prepared to cooperate full extent of its power in assisting evacuation of Jews from Romania. Further reports on this matter anxiously awaited. Kindly inform whether to your knowledge this action of Roumanian Government has been made public in Turkey or elsewhere.

HULL
(GLW)

WRB:MMV:KG
6/27/44

NE

SE

S-CR

June 27, 1944

AMERICAN CONSULATE GENERAL,

VIA COURIER

ISPAHUL, (TURKEY).

Please deliver the following message from Dr. Leon Kube-tzski,
World Jewish Congress, 1634 Broadway, New York 25, New York, to
Mr. Barlas, Fern Palace, Istanbul, Turkey:

We recommend for granting Palestine certificates following
Hungarian rabbis selected by special sub-committee:

List #3

Adler, Pandor 33 yrs.; Satoraljaenhely, Rakocsy ut 67
Adler, Herman, 65 yrs.; wife, Satoraljaenhely
Altman, Samson, 54 yrs.; wife, Paks, Hungary
Altman, Pawan, 41 yrs.; wife and children, Kecskes, Hungary
Bernath, Abraham, 60 yrs.; wife and 1 child, Kyragyhasa
Boba, Dr. Ignatz, 55 yrs.; and 2 children, Kyragyhasa
Brisk, Marton, 60 yrs.; wife, Tamas, Hungary
Buchinger, Lipot, 34 yrs.; wife and 1 child, Szombathely
Buchinger, Daniel 60 yrs.; wife and 5 children, Szombathely
Buchinger, Seligant, 28 yrs.; wife and 2 children
Deutsch, Jeno, 58 yrs.; wife, Abaujvaros
Deutsch, Samu, 35 yrs.; wife and 5 children, Ujfeherto
Ehrenreich, 30 yrs.; wife and children, Kegyraljand
Engel, Vilmos, 32 yrs.; wife and 1 child, Szerencs
Elefant, Jakob, 48 yrs.; wife and 7 children, Kyragyhasa, Helle u 31
Fisch, Samuel, 50 yrs.; wife and 8 children, Kegyralle
Fisch, Sandor, 48 yrs.; wife and 8 children, Huszt
Fisch, Nobi, 24 yrs.; Kyrator, Arpad ut 91
Fisch, Salomon, 52 yrs.; wife and 3 children, Kiskunhalas
Fisch, Farkas, 45 yrs.; 7 children, Kyragyhasa, Sily ucsa 45
Fischer, Herman, 32 yrs.; wife and 4 children, Szerencs
Fischer, Benjamin, 58 yrs.; wife, Budapest
Fisch, Adelfoe, 24 yrs.; Kyrator Arpad ut 91
Frel, Kayer, 70 yrs.; wife, Kegyvarany
Friedl, Herman, 35 yrs.; wife and 4 children, Szecsen, Gaboral u 29
Friedlander, Lajos, 60 yrs.; wife, Vasarosanany
Friedman, Ador, wife and children, Keszkesztes
Friedman, Sampl, 60 yrs.; wife and 3 children, Tonalja
Ginsler, Farkas, 51 yrs.; wife, Febergyarant
Goldstein, 57 yrs.; wife and children, Salamonfured
Greenwald, Oslas, 45 yrs.; wife and 3 children, Huszt
Greenwald, Kayer, 38 yrs.; wife and children, Tasso
Greenwald, Joseph, 39 yrs.; wife and children, Papa
Ortafeld, Karik, 54 yrs.; wife, Sajosentpeter
Gross, Samuel, 56 yrs.; wife, Kegyvaraly
Grossman, Dr. Abbi, 65 yrs.; Budapest
Grunfeld, Lajos, 55 yrs.; wife and 2 children, Kegyralle
Kager, Oszin-Kayer, 47 yrs.; and children, Kegyvaral

Kager Barich.....

- 2 -

Hager, Borich, Felceviso
 Hager, Alter, 52 yrs., wife, Borsa
 Halberstein, Chajim, Aisik, 46 yrs., Akmasslatina
 Halberstan, Salmen, Leb, 42 yrs., wife, Kelessvar
 Halpern, Rabbi, 58 yrs., wife and children, Hajdunahas
 Hovesi, Ferencs, Dr. Rabbi, 38 yrs., wife and children, Budapest
 Hirsch, Rabbi, 52 yrs., wife, Borsa
 Herowitz, Abraham, Nagykarely
 Jakobeovits, Vilmos, 22 yrs., Kis Varda, Deak Ferencs ut 24
 Josepovits, Soma, 49 yrs., wife and 2 children, Munkacs
 Jungreiss, Israel, 63 yrs., wife, Madunvar
 Jurovitz, Igantz, 65 yrs., wife and 2 children, Budapest, Sip ucca 24
 Jurevitz, Joseph, 42 yrs., wife and 5 children, Beled
 Katsburg, 62 yrs., wife, Ond
 Klein, Jakob, 68 yrs., wife, Halmi
 Klein, Isidor, 58 yrs., wife, Nagyszollos
 Klein, Bernath, 55 yrs., wife, Satoraljaiuhely
 Klein, Joesef, 48 yrs., wife and children, Munkacs
 Kornitcer, Akina, 52 yrs., wife and 3 children, Tolesva
 Landau, Alter, 53 yrs., wife and children, Mielcay
 Lebovits, Jichok Zevi, 70 yrs., wife, Chap
 Leichtig, Ferencs, 58 yrs., wife, Donbrad
 Levy, Adelf, 40 yrs., wife and 8 children, Nagykallo
 Lukacs, Iare Dr., 42 yrs., wife and child, Budapest, Fejergyorgy u 8
 Matyas, Leb, 27 yrs., wife and child, Csak, Szolachibeka negye
 Matyas, Sheindl, 23 yrs., " " "
 Matyas, Jacob, 29 yrs., " " "
 Meisels, David, 69 yrs., wife, Satoraljaiuhely
 Peneth, Jakob, 45 yrs., wife and children, Des
 Pollak, Woesef, 44 yrs., wife, Verpelet
 Roscaubaum, Samuel, 50 yrs., wife, Kisvarda
 Rosner, Juda, 61, wife, Szekelyhid
 Roth, Joesef, Dr. Rabbi, 44 yrs., wife, Satoraljaiuhely
 Schlessinger, Julius, 62 yrs., wife, Budapest, Fejergyorgy ut 8
 Schwartz, Tivador, 31 yrs., wife and 2 children, Szerencs
 Kohn, Moses, 49 yrs., wife and 2 children, Munkacs
 Schwartz, Leon, 30 yrs., wife, Ujpest
 Schwartz, Arthur, 40 yrs., wife and 5 children, Satoraljaiuhely.
 Meosner Gyula ut
 Silberstein, David, 65 yrs., wife Vacs
 Singer, S. Lee. Dr. Rabbi, 30 yrs., Rozsnyo
 Singer, Hesso, 65 yrs., wife, Varpalota
 Singer, Anton, 62 yrs., wife and child, Ublya, Kemplen negye
 Singer, Salomon, 22 yrs., " "
 Singer, Gisa, 28 yrs., " "
 Singer, Sari, 20 yrs., " "
 Sieders, Rabbi, 68 yrs., wife Gyor
 Spitzer, Mar, 29 yrs., Fuszegrammat
 Stein, Moses, 65 yrs., Kelessvar, Arpad ut 70
 Stein, Joesef, 30 yrs., " "
 Stein, Ernst, 27 yrs., " "
 Stein, Isabella, 23 yrs., Kelessvar, Arpad ut 70

Steinets, Csor.....

- 3 -

Steinmetz, Oscar, 46 yrs., wife and children, Beregasas
 Teitelbaum, Aaron, 65 yrs., wife, Okormese
 Tigerman, 53 yrs., Bekes Ceaba
 Weinberger, Hiller, 49 yrs., wife, Okormaso
 Ziegelbaum, Hans, 38 yrs., children, Szerencs
 Zucker, Salomon, 48 yrs., wife, Nagyhalass

We also urge that you get Turkish transit visas for Fanny
 Lobel Baruch Halpern wife Faube daughters Ethel Esther. Address
 Stirnei Voda 68 Bucharest ^{was} Halpern wife Saly, daughter
 Eugenie, son-in-law Jean Barcevic, address Vasile Conta 3-5
 Bucharest. Palestine Certificates arranged through assistance
 brother Israel Halpern 21 Ness Street, Telaviv. Are interested
 if certificate numbers issued to them. Check matter, assist
 them in proceeding to Palestine, and cable answer.

HULL
 ghw

World Jewish Congress
 A. Leon Kubowitzki

HULL

MB

WEB:NDV:KG
 6/26/44

DMH - 330

PLAIN

Moscow

Dated June 27, 1944

Rec'd 5:20 p.m.

Secretary of State

Washington

2299, 27th

Department's circular June 15.

Moscow press published today the President's special message to Congress of June 12 concerning the efforts of the United States Government to rescue Jews and other victims of German oppression.

HARRIMAN

MEM

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

167
DIVISION OF
COMMUNICATIONS
AND RECORDS

KEM-521

PLAIN

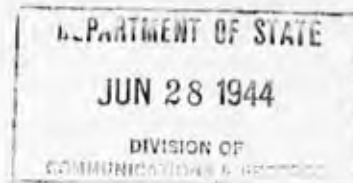
La Paz

Dated June 27, 1944

Rec'd 12:25 a.m., 28th.

Secretary of State,
Washington.

1278, Twenty-seventh.



The Bolivian Minister of Foreign Affairs has informed this Embassy in an official note that Rene Ballivian Calderon, Commercial Counselor of the Bolivian Embassy at Washington, has been designated as the sole representative of Bolivia at the Monetary Conference to be held at New Hampshire beginning July 1, reference this Embassy's telegram number 1269, June 26, 1944, 4 p.m.

WOODWARD

HTM

RA-231

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

Baghdad

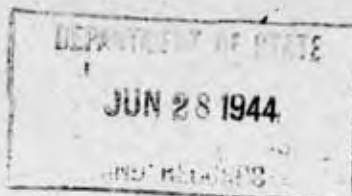
Dated June 27, 1944

Rec'd 11:40 a.m.

Secretary of State

Washington

152, June 27, noon



One. The Legation is in receipt of a note from
the Minister for Foreign Affairs dated June 25 confirm-
ing the appointment by the Iraqi Government of the
four persons mentioned in Legation's telegram number
150, June 22, 4 p.m. as delegates to the Monetary and
Financial conference.

Two. The delegates have already left Cairo.
They may possibly be in the United States at the
opening of the conference. The Foreign Office note
states that the Iraqi Minister at Washington had been
instructed to represent Iraq at the conference in case
the delegates are late.

Three. Kemal is ex-Minister of Finance not ex-
Minister for Foreign Affairs as stated in my telegram
under reference.

HENDERSON

FS:BB

NOT TO BE RE TRANSMITTEDCopy No. 11SECRETOPTEL No. 210

Information received up to 10 A.M. 27th June 1944.

1. NAVAL

Normandy Germans continue to drop mines by night in assault roadstead considerably restricting ship movements. 1 H.Q. landing craft mined and sunk 25th and a tank landing ship mined 24th. Coastal forces in ADRIATIC drove ashore a torpedo boat on 24th/25th and took 5 prisoners. 2 promising attacks on U-Boats yesterday, 1 off West Coast of IRELAND, the other in the channel.

2. MILITARY

France U.S. Forces are steadily mopping up in CHERBOURG where fierce street fighting continues. Germans still hold airfield. Lieutenant-General Von Schliegen, Commander of the German garrison and Rear Admiral commanding sea defences have been captured. A British division attacking with strong tank and artillery support has advanced and crossed road TILLY SUR SEULLES-CAEN.

Italy 8th Army. West of LAKE TRASIMENO U.K. troops have advanced their line to just south of Castiglione after heavy fighting involving many German casualties. South African have cleared CHUISI and advanced some 3 miles further north.

5th Army. French have advanced 3 miles towards SIENA astride main road while U.S. Forces have reached MONTIERI and, on coast, are 8 miles north of PIOMBINO.

Burma Mopping up astride KOHIMA-IMPHAL road continues. Many small parties of Japanese have been attacked, numerous casualties being inflicted and much equipment captured.

3. AIR OPERATIONS

Western Front 26th. Owing to adverse weather offensive operations were restricted. 161 fighters maintained patrols over bridgehead and 63 more flew armed reconnaissance over Normandy where about 30 German aircraft were seen. Enemy casualties 4:1:4. Ours 2 Mustangs missing.

26th/27th. Aircraft despatched: GOTTINGEN Railway workshop near CASSEL 35, (1 missing); sea mining 8, Beaufighters attacked 5 E/R Boats off Dutch Coast probably sinking 1 and damaging another.

German Activity. Between 6 a.m. 26th and 6 a.m. 27th, 133 flying bombs launched of which 94 crossed the coast, 64 reaching greater LONDON. 4 destroyed by day by fighters and 9 at night by A/A. Weather prevented fighters operating at night.

Italy 25th. Bad weather again limited operations to minor attacks on communications by light and fighter bomber

4. HOME SECURITY

26th. 8 a.m. to 6 p.m. Incidents in 17 LONDON boroughs. Casualties so far reported: killed and missing 39, seriously injured 206, unclassified 32. 6 p.m. 26th to 6 a.m. 27th. 37 incidents in 28 LONDON boroughs mainly in centre, south and east. Block of flats hit with 64 serious casualties but only one fatal. Direct hit on another block of flats with 17 serious casualties. Casualties so far reported: killed and missing 39, serious 201. Elsewhere 25 incidents from widely separated counties.

Regraded Unclassified

June 28, 1944
10:00 a.m.

GROUP

Present: Mr. D.W. Bell
Mr. C. S. Bell
Mr. Haas
Mr. O'Connell
Mr. Sullivan
Mr. Gamble
Mr. Glasser
Mr. Gaston
Mr. Blough
Mr. Smith
Mr. McConnell
Mr. Pehle
Mrs. Klotz

H.M.JR: What is Theodore Roosevelt Gamble doing here?

MR. GAMBLE: Good morning.

H.M.JR: Have you heard what happened to me yesterday?

MR. GAMBLE: I haven't heard.

H.M.JR: Well, this is barnstorming deluxe. I told Mr. Dick Meyer I would be at the radio station at seven to seven-fifteen, see? And I let them know I was coming. The great Mr. Ford was coming and he hadn't had his dinner. I said, "Well, five minutes doesn't make any difference. I will be there at seven." We got there at seven and they showed up at twenty minutes of eight, Nevil Ford. There was no radio hookup; the parade consisted of maybe a hundred soldiers. We couldn't find the parade. The people - I don't know what was the matter with Meyer, because when I got down there this theater man had a whole printed program, you see, and I was scheduled to go on the air at eight-thirty.

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The radio station - they were very much disturbed because they couldn't understand my being left there for forty minutes in their office, which is in back of the kitchen of the Nelson House. There was no radio hookup. The whole thing - they wouldn't put it on until eight-thirty. I was there just one hour and a half ahead of time. I spoke to a hundred children and one man! So don't ever send me up without somebody from Washington going. It is an awful effort.

I got into the house at a quarter of twelve last night. I blame Dick Meyer; either he was sick or drunk, one or the other. But of course they had Vincent Astor for supper, and I suppose they had to wait for him, and everything else.

But the program was started at eight-thirty. I had my supper at a quarter of six, rushed there to get your message, phoned Mrs. Meyer to have Ford there so we could go over this thing with him. I told her I wanted to see Ford and didn't want to do this thing without him.

Then somebody said he was doing public relations on the barge and the fellow acted as though I was there sort of as an imposter. I don't know what the man's name was, but he was one of the rudest people I ever saw - Moran or something. I don't know who it was.

MR. GAMBLE: I have had pretty good luck with these people, locally, haven't you?

H.M. JR: No, at Kingston I had an audience of fifty. But Dick Meyer - I don't know - but, Ted, when I go on these things I think that somebody from this office - Lane was up in New York yesterday, wasn't he - and your radio man?

MR. GAMBLE: Yesterday afternoon.

H.M. JR: They could just as well have been at Poughkeepsie. But I gave them all I had just the same. I

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consulted with Ford. He said it was all right, but I am sure no paper will print it because there was nobody there to do it. Bell went to so much trouble, you went to a lot of trouble. I let them have it and then I said "Well, forget it," and I was a good sport about it. But I let them know I was annoyed, because I was.

But this fellow Ford is something. I mean, he is about as smooth as they come. I told them I would be there at seven o'clock to consult with him. He got in and he had his supper, and when he was damned good and ready he came to the radio station. The radio station was awfully upset. They said all day long people had been calling them about a radio hockup.

This memorandum that you gave me - about ten thousand people - who gave you that?

MR. GAMBLE: Wilke and Meyer.

H.M.JR: Meyer had no idea. I spoke to him at one and said, "Meyer, I will be there between seven and seven-fifteen." he didn't know anything about the program.

MR. GAMBLE: This information I gave you was - really, that was verbatim, from Meyer and Wilke. Of course, these arrangements were originally made with you. That is why we never got into them, Mr. Secretary. I thought it was something you had had arranged in your home town for you. We stayed out of it purposely.

H.M.JR: Well, you can't afford--

MR. GAMBLE: We did. We had nothing to do with it. All we have done is pass on to you such information as we have acquired at your suggestion.

H.M.JR: Well, I am just telling you. I don't want you to raise it with Ford. I let them both have it straight between the eyes, and then I said, "All right, let's forget it."

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But anyway, don't worry about those figures appearing. I don't think they will ever see daylight. I don't think it is an accident that they treated me like that - Ford and the rest of them.

MR. GAMBLE: What I think, Mr. Secretary, in fairness to Ford, I think Ford was probably placed in the same position you were. I think he went up there to the local community expecting they would have everything taken care of. Certainly from the information they passed on to me I wasn't disturbed about it.

H.M.JR: Ford had a Brooklyn man there - a publicity man. He arrived at six-twenty. He had his supper and when he was good and ready, he appeared. He knew I was sitting there at the radio station because we telephoned twice to the Meyers' house to let them know. But it is all in a good cause. I gave them a good talk. Alan Barth said I gave them a good talk. He thought it was very good.

Anyway, don't start anything will you, Ted?

MR. GAMBLE: No, I understand.

H.M.JR: I don't blame you, I blame them up there. It is all in the right cause.

We are sending you (Smith) these photographs, if you are the correct person to send them to. Will you see that a book is made up in Los Angeles?

MR. SMITH: It goes from me over to Mogelever.

H.M.JR: But didn't Mrs. Klotz send it to you?

MR. SMITH: I haven't gotten any to date.

H.M.JR: I have some here. I have a lot on Chicago.

MRS. KLOTZ: I don't think we have been sending them.

MR. GAMBLE: We have a whole set - the stadium show, and everything.

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H.M.JR: The ones that come to me, whom do I send them to?

MR. SMITH: Either to me or Ted, and we will get them to whoever is making the book. Lane and Mogelever are making the book up. But we will get them to the right place.

H.M.JR: Sometime could I get a letter out to Orson Welles?

MR. SMITH: You have it. I left it here before I went away.

H.M.JR: We will put "Secret Service" on it.

MRS. KLOTZ: Until last night I have every bit of mail.

MR. SMITH: I dictated it before I left for Atlantic City, but I will check and see if it is lost in my shop.

H.M.JR: This is from Archibald MacLeish (reading):

"Orson Welles tells me that the script he had asked me to prepare for his second War Bond show, and which he had accepted, was omitted at your request, but for reasons which you did not express.

"Knowing you, and feeling as I do about you, I feel certain that you had reasons, and reasons which seemed to you good.

"Would you care to tell me what they were for my own peace of mind? If you will put yourself in my position, I think you will see why I ask you."

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What am I going to tell him? I am just going to tell him the show was too long.

MR. SMITH: That is the easiest way out. We had to cut the show and dropped off the front half. Of course, you could tell him what you told us, and that was that it stinks.

MRS. KLOTZ: There is no point in telling him that.

H.M.JR: I think I will write him a letter. I won't get into a phone call.

MRS. KLOTZ: Would you like me to?

H.M.JR: Just say the show was too long, that we had to cut it, and instead of just cutting his part, we dropped the whole of it. I mean we were way overtime.

Herbert, would you find out what is being done by the Democratic Party in connection with the platform in reference to taxes and monetary matters?

MR. GASTON: I have talked to Boyle and Paul Porter. Boyle said, "Well, we would welcome anything you could submit on the thing, and when anything occurs to you, we would like to get it. And, of course, we will confer with you on anything that relates to Treasury matters."

Porter said substantially the same thing, but he said he was watching that sort of thing, and he said he promoted that statement by George that came out after the tax program was announced. He didn't communicate with us about it, however. But he said he would like to have us talk to him whenever we had any ideas, and they would talk to us.

H.M.JR: I would like to appoint you three gentlemen (O'Connell, Sullivan, and Gaston), with Gaston as chairman, to sort of prepare concrete suggestions that might have to do with finances and taxes, will you?

MR. GASTON: Yes.

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H.M.JR: Would you? And do it fairly soon. And use Randolph Paul on taxes, will you - the three of you?

MR. GASTON: Yes.

H.M.JR: So don't let's wait until they ask us, let's find out, because - well, I would like to do it, anyway.

MR. SMITH: You want to have something on the International Monetary, too, don't you? Harry wants something on that.

H.M.JR: Yes.

MR. BLOUGH: You have probably seen what is in the Republican platform. This is an excerpt. (Hands memorandum to the Secretary)

H.M.JR: Couldn't somebody else do that - what they had on finances? Did they have anything on finances?

MR. BLOUGH: This covers the currency, debts, the tariff - part of the tariff, anyway - taxes, small business, and so forth.

H.M.JR: That is good.

MR. SULLIVAN: Be sure you read the one on labor. The New Deal has usurped control of labor - from whom?

H.M.JR: Yes. Now, here is O'Connell's memorandum to me from Rayburn saying he would like us to put Somers and Reed of Illinois on as Advisers.

MR. C.S. BELL: It could be done. It is a little late.

MR. D.W. BELL: The list hasn't been made public, has it?

MR. C.S. BELL: It was turned over to the State Department two days ago. Acheson was going to clear it then with the President. If you want it done, we can manage it.

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MRS. KLOTZ: Only got that last night.

MR. O'CONNELL: It was Sunday night I talked to Rayburn and I spoke to Dan about it on Monday. We felt there was nothing much to do until today. I didn't hold out too much hope to Rayburn.

(The Secretary hands Mr. C. S. Bell memorandum from Mr. O'Connell of June 27)

H.M.JR: Then let's send a telegram to these people over my name, appointing them.

MR. D.W. BELL: It might help at that end.

MR. O'CONNELL: May I ask if there are any other Congressmen or Senators to be on the list as Advisers?

H.M.JR: No.

MR. O'CONNELL: There isn't any Committee of Coinage, Weights, and Measures in the Senate, so that wouldn't cause any particular difficulty. But I didn't know who were to be the Advisers.

H.M.JR: Do you want to tell Barkley what we are doing?

MR. O'CONNELL: I don't know but what it would be a good idea. You never know how stiff-necked those fellows are.

H.M.JR: how fast can you move?

MR. O'CONNELL: As soon as the meeting is over I can talk to Barkley if he is in town.

MR. D.W. BELL: Rayburn didn't think it was important, but on the other hand, he is only looking after the House.

MR. O'CONNELL: He is only taking care of his own side.

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H.M.JR: May I congratulate Mr. Gamble on nine billion three hundred and seventy-four million?

MR. GAMBLE: It is pretty good up to date.

H.M.JR: Wonderful! Boy!

MR. GAMBLE: We just had a couple of bad spots on individual sales. We are two billion nearly six hundred million over the beam.

H.M.JR: I would like, after this meeting, to step into the other room, and I will put my coat on to show I am in an amicable mood, with you and George and Bell, if you would like to bring me up to date. (To Gamble)

MR. D.W. BELL: Yes. E Bonds were a little low yesterday.

H.M.JR: Well, we can't be too good on everything. I sent you the corrected copies--

MR. GASTON: I have it here and just a little while ago I talked to Harry White. He has several suggestions to make, on which I have made notes here.

H.M.JR: When could you and Fred and I meet on this thing?

MR. GASTON: Any time you say.

H.M.JR: I could do it at eleven-thirty.

MR. GASTON: All right. Should we have Alan Barth over at that time?

MR. SMITH: That would be a good idea if he could come.

H.M.JR: I think he has done a beautiful job.

MR. GASTON: He did a very good job, yes.

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MR. SMITH: It is a swell speech - awfully good.

H.M.JR: I had a wonderful time up there working with him. I mean, it is fine.

MR. SMITH: We ought to put him on that 4th of July job, hadn't we?

H.M.JR: Yes, if he is willing to do that.

Now, Ted, will you please assume the responsibility for what I do?

MR. GAMBLE: On the 4th of July, yes, sir. I have sent two memos to Mrs. Klotz, the latest one yesterday afternoon.

H.M.JR: I mean, will you have somebody there on the spot representing you?

MR. GAMBLE: I will. Well, that is our affair. I am sorry about this other thing, Mr. Secretary.

H.M.JR: That is all right. It is over. I went through with it. I told them how I felt and then I said, "Let's forget it."

MR. GAMBLE: We purposely stayed out of it.

H.M.JR: I hate to make a fuss. I could have sent someone to go over the route. I hate to be pompous about the thing, but evidently you can't leave it.

MR. GAMBLE: On this 4th of July, it is all tied together very nicely, and I sent Fred yesterday afternoon some information for his first writing to give him some feel about what it is about. There is a break in your speech where you make this award to Admiral King. Any subsequent speeches that are written should follow that routine.

But all the other information has gone to Fred and

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Mrs. Klotz. All we need is the approximate arrival time. There is a field right in the Navy Yard.

H.M.JR: Two things I need from you. They gave me a memorandum on the 4th of July - I don't know - it has been mislaid.

MRS. KLOTZ: I gave it to you.

H.M.JR: Well, call up Gamble's office and have them send another one.

And then another one - a memorandum about how Mrs. Morgenthau meets the train - a copy from Bell.

MR. C.S. BELL: I have a copy of that.

H.M.JR: Yes, but I want a copy. I would like those two things by two o'clock. How far did we get? Herbert?

MR. GASTON: That is all - eleven-thirty. I sent you a memo about my conversation with Connally and the whole background of this collector thing. It is rather complicated and I think you might want to familiarize yourself with it. It is a rather long memorandum. I have nothing more.

MR. SULLIVAN: You remember, you signed a letter to Rodriguez in Puerto Rico on the thirty percent withholding. I thought you might like that for your scrapbook. (Hands Secretary letter from Rodrigues with clippings attached)

H.M.JR: Is it nice?

MR. SULLIVAN: Yes. Certainly.

Thanks very much for the flowers. They were lovely.

H.M.JR: Everybody happy?

MR. SULLIVAN: Swell.

MRS. KLOTZ: What do I do with this? (Laughter)

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MR. SULLIVAN: Henry Wallace will translate it for you.

MRS. KLOTZ: But the letter is in English. Does it need an answer?

MR. SULLIVAN: No.

MRS. KLOTZ: Well this is safekeeping.

MR. SULLIVAN: The letter goes back to Kirby in Surrey's office. That's all, sir.

MR. O'CONNELL: You remember we had some difficulties in connection with the Executive Order to permit the Dies Committee to examine tax returns and we finally recommended to the President he sign it, and he did? We now have a request for permission to examine a group of returns. It is not the first one we have had, but I think it is the most interesting one. John sent it to me and I thought I ought to read you some of the names so you would get a feel of what Mr. Dies may be looking for. This is rather a conglomeration of names: Gerald L. K. Smith, Gerald Winrod, William Pelley--but among others, we have Rockwell Kent, the artist, Walter Winchell, Drew Pearson, Creekmore Fath, a young lawyer from Texas, Earnest K. Lindley, Betty G. Lindley, Rex Stout, Melvin Douglas, Helen Gahagan, Clifton Fadiman--

H.M.JR: May I congratulate the nine-thirty group, that they didn't ask for any of theirs?

MR. O'CONNELL: No. I think in some ways it is a little disturbing but it is awfully hard to know what to do about it. I have looked back to see what returns they had asked for over the past two or three years. They have never made any capital of any information they have ever gotten. But among the names that they have gotten returns on within the past two years, the first one on the list is T. Edward O'Connell, alias Timothy O'Keefe, no address.

H.M.JR? Is that you?

MR. O'CONNELL: No, it's another, I am quite sure. I have never used that particular alias--Henry Luce, Margaret Irish Lamont, Gardner Jackson, Marshall Field, III.

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Harry Bridges and Earl Browder, of course. Joseph Curran, Clifford Odets, John Garfield, Sidney Hillman, Orson Welles, Donald Ogden Stewart and Paul Robeson. Those are among the returns that have been requested over the past couple of years. Nothing has ever happened, at least so far as any publicity is concerned, with respect to them. But this newest list seems to me to indicate that Mr. Dies may possibly be going to try to round out his career in a burst of glory. We have not given them these returns yet.

H.M.JR: Might I make a suggestion, that you go up and see Mr. Sam Rayburn, see?

MR. O'CONNELL: He is out of town. He left Monday or Tuesday.

H.M.JR: Aren't there other members of this Committee of Dies'?

MR. O'CONNELL: Yes, a couple who are quite anti-Dies.

MR. GASTON: Warren Magnuson.

MR. O'CONNELL: Eberhart.

MR. GASTON: No, Magnuson isn't on the list.

MR. O'CONNELL: Eberhart is the most vocal of the opponents to Dies at the moment.

H.M.JR: Can't they vote on this thing?

MR. O'CONNELL: Dies has two Republicans and himself, so that whatever Dies wants along this line he can get if it comes to a vote of his Committee.

H.M.JR: What can we do?

MR. O'CONNELL: I don't know. Well, if it were sufficiently something to worry about, the President could revoke the Executive Order, but as of today, you haven't got much to revoke it on. It is a little difficult to have us substitute our judgment for the judgment of a Congressional Committee as to what particular returns they can examine.

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H.M.JR: If we take action after the President signed it and say we won't give it to them, then we become the goat.

MR. O'CONNELL: We can't refuse to give them to them. We can only stall a bit. If the President wanted to, he could revoke the Executive Order, depending on how serious he thought the implications are.

H.M.JR: Why don't you go over and consult with James Byrnes?

MR. O'CONNELL: I would like to do that. You talked with him before we recommended that this Executive Order be signed.

H.M.JR: Supposing you and Sullivan go over? The two of you, will you?

MR. SULLIVAN: Yes.

MR. O'CONNELL: I would like to do that. That's all.

MR. SULLIVAN: Byrnes may know someone who can discuss this with Dies on the basis that we have so many demands for this type of information in the Bureau that it is really cluttering up the works. OPA sends over requests for a thousand companies in the laundry business and four hundred and fifty companies in this business, and so on and so forth. I think we have got to begin to cut down. This might be a good time to start.

H.M.JR: What was the matter? Didn't Bowles get his laundry back?

MR. SULLIVAN: I don't know. He is doing all right.

H.M.JR: You don't know what the prices for stringbeans are going to be after the first of July.

MR. SULLIVAN: I think it is going along all right.

H.M.JR: What else?

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MR. O'CONNELL: That's all.

MR. McCONNELL: You want to discuss this China matter?

H.M.JR: Sure.

MR. McCONNELL: I have been working with Mr. Glasser on this thing. I think it is probably the only conclusion that we could come to at this time that--we want to delay final recommendation for a couple of weeks yet. The Army has agreed to go ahead until October first. I doubt very much if we want to go on with the suggestions that Currie made.

H.M.JR: Yes. Well, are they going to have another meeting?

MR. McCONNELL: Just as soon as we get together with Mr. Bell and Mr. Glasser.

H.M.JR: Are you fellows ready to make a recommendation to me?

MR. McCONNELL: I think we would like to delay that a week or two.

H.M.JR: I am planning to be back here the evening of July fourth. I will not have a staff meeting on that evening, but I will have one on the morning of the fifth.

MR. GLASSER: We'll put it off, then, until the fifth.

H.M.JR: All right with me. Anything you can put off, I'll love. Is that all?

MR. McCONNELL: That's all.

H.M.JR: Glasser?

MR. GLASSER: I have nothing.

H.M.JR: What about the price of the German mark?

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MR. GLASSER: I am hoping that we can discuss that today. Perhaps we can start now, if you want to take two minutes.

H.M.JR: If you confine it to two minutes.

MR. GLASSER: I simply want to make this suggestion. As you know we propose the five-cent rate; the State Department proposed sixteen and two-thirds cent; FEA, twenty cents; the War Department, twelve and a half cents. The British propose twenty cents. If you will give us permission, I would like to negotiate an agreement among all the United States agencies at ten cents. I think we can reach that agreement and present a solid front before the British which will be our major negotiating problem.

MR. SULLIVAN: What do they want?

MR. GLASSER: Twenty cents.

MR. D.W. BELL: Tell the Secretary of the memorandum concerning your conversation with the professor of Smith College.

MR. GLASSER: Professor Hans Kohn was here and we went over the background and the problem and he was in complete agreement with us on having the low rate. He didn't know, of course, whether it would be five or ten, but he thought it would be very important psychologically and politically that we institute a rate in Germany which will indicate to the Germans, themselves, the weakness of their own currency and not to give them the fake rate which they have had since Hitler came into power which they knew was a false rate, and we would do better if we came out with a low rate and one which they could possibly hold.

H.M.JR: I like the five-cent rate.

MR. D.W. BELL: Well, it is lower than anybody else has suggested and I am afraid you are not going to get an agreement on it. It is a tentative rate, anyhow, subject to change, and I think if we could get the whole lineup on ten cents that it is a good move.

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H.M.JR: Did you meet Professor Kohn?

MR. D.W. BELL: No, I did not.

MR. GLASSER: I didn't know him before. He seems to be a very intelligent, sensible person. He is not an economist.

H.M.JR: No, he is a historian, isn't he?

MR. GLASSER: Political scientist and historian.

MR. O'CONNELL: What has happened to the forty-cent rate that was mentioned here one time? Is anybody still considering that?

MR. GLASSER: I believe the Secretary threw that out.

H.M.JR: Well go ahead and see what you can do. See if you can get a united front. See what you can do.

MR. GLASSER: Yes.

H.M.JR: John Pehle?

MR. PEHLE: I haven't anything other than a short memorandum to satisfy Ambassador Davies on that technical point. Would you sign it?

H.M.JR: Surely. Anything pending for you before the President?

(Secretary signs letter to Ambassador Davies)

MR. PEHLE: No.

H.M.JR: George?

MR. HAAS: I have nothing this morning.

H.M.JR: Ted?

MR. GAMBLE: I just have one thing. On this broadcast

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of General Marshall, Arnold and Admiral King, we have been trying to get the three of them to agree on a date. That combined with the Republican Convention and use of the airlines has caused us to set a tentative date of Monday for this. We are to poll everybody for Monday evening, again. I thought if we could do it at nine or ten o'clock Eastern War Time Monday evening, that might be better for you than Friday night.

H.M.JR: I couldn't be here.

MR. GAMBLE: That late Monday evening, July third?

H.M.JR: Oh. You mean come down here and then go up to Philadelphia?

MR. GAMBLE: Monday, July third. It's just a difference of your coming down that evening after dinner or the next morning.

H.M.JR: I was amazed that the time from Montpelier, here to Washington is only two hours and forty minutes.

MR. SULLIVAN: Shouldn't be that long. Are you in a Lockheed?

H.M.JR: Yes.

MR. SULLIVAN: Shouldn't be that long.

H.M.JR: That's the time they gave me last night.

MR. SULLIVAN: From two hours to two hours, twenty minutes.

MR. SMITH: You have a long drive, haven't you, over to the Woods?

MR. SULLIVAN: That's something else.

H.M.JR: As I told you the other day, you make the arrangements. Personally, I don't know whether--you want the thing still?

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MR. GAMBLE: Oh, yes. As a matter of fact, these people preferred that date. Marshall is the fellow who was the last. Arnold and King were available any one night. It finally resolved itself to Friday night and Marshall said he just couldn't make it.

H.M.JR: You know what I have told you. Get them lined up and then you can see whether I can be fitted in or not.

MR. GAMBLE: The only other matter, I am sending you during the day, a memorandum showing how the Texarkana speech and the United Nations speech were handled in foreign countries. They used up to as high as two hundred and fifty words on the New York speech.

H.M.JR: Did they?

MR. GAMBLE: That's all I have, sir.

* MR. BLOUGH: The conversations on post-war taxes are proceeding amicably, with Stam on one side and with Budget and Federal Reserve, Vinson's and Byrnes' representatives on the other. Progress is being made slowly, but I think we are progressing.

H.M.JR: Yes, sir.

MR. BLOUGH: That's all I have.

H.M.JR: When I get a breathing spell I would like to sit down with you.

MR. D.W. BELL: I think you ought--there is being quite a lot said around Government circles on reduction of the corporate taxes, and giving us a base as incentive. I am not so sure that the incentive isn't on the other end, are you, Roy?

MR. BLOUGH: Certainly there is going to be a broad gap between those who say you get incentive by lifting the burden on the consumers and those who say you get your

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incentive by lifting the burden on business. And of course the Republicans and business groups generally are pushing very hard now on the idea of getting your incentive through lightening taxes on business.

MR. D.W. BELL: You will have to encourage the consumer a little to consume all the production after the war is over and maybe on the other end before you get through with your study. I think that we ought to be a little careful about how we stress the points.

MR. BLOUGH: It is one of the most puzzling problems in the whole field. I don't know anybody who really knows the answers.

MR. SMITH: We have organized the way we want to handle publicity for the American Delegation and I am going over and see McDermott today and see if we can put it through.

H.M.JR: Now, when you talk to McDermott, either you or Herbert ask him how they are going to handle my statement and the President's statement, you see? The way I would like to have it handled is to have it ready by Thursday noon so it could be given to the press so they can have it Thursday for Saturday morning release, do you see?

MR. SMITH: All right. I'll check that.

H.M.JR: I mean it ought to be given to the press Thursday afternoon for Saturday morning release.

MR. GASTON: Is it on delivery?

H.M.JR: The papers should have it, you see, because all the papers are so tight. If they had it Thursday they would make room for it in Sunday papers.

MR. SMITH: What Herbert means is, it will have to be for release on delivery. That's right, that will be on Sunday.

H.M.JR: But you take any paper, if they know it is coming and they like it, they will make room for it for Sunday.

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MR. SMITH: Harry and his crowd are very anxious to have a big broadcast to close this thing up, international job, and you ought to give it some thought because we probably will have to fight it through if we have it. I doubt if the State Department will be very much interested in it.

H.M.JR: Well, that's something we can talk about up there on the back porch.

MR. SMITH: At the press schedule, this is just of interest, there will be a big preliminary session at the beginning and then there will be one in the middle when we have finished the Fund and before we go into the Bank. Then there will be one at the end. That will give you three specific times that you could be there.

H.M.JR: What impression did you get as to how they are getting along?

MR. SMITH: They are getting along very well and strangely enough one impression I got above all impressions was that Lord Keynes is trying awfully hard to hold his damned Empire together, because every time he says anything, India gets up, or in this meeting I was in, and contradicts him and Canada gets up and contradicts him. He is having a perfectly terrible time.

H.M.JR: Of all the low-grade editorials I have seen on this Conference, I thought New York Times yesterday hit an all time low.

MR. O'CONNELL: That was awful.

MR. GLASSER: That was so stupid and ignorant it was unbelievable.

H.M.JR: For people like that--you ought to read it. It just hits an all time low. The only thing they left out was, why didn't we have Johnny Hanes as one of the delegates. If they would have had that, it would have been complete.

MR. SMITH: Harry says that Pryor told him specifically they were going to have a campaign against the Fund from the day it began, an editorial campaign.

-22-

H.M.JR: Incidentally, one paper had a little squib that Johnny Hane's was as much responsible as anybody for the unfavorable publicity out of Chicago against Willkie. And another article said he was the chief financial economic adviser. He was the chief man responsible for the anti-Willkie campaign publicity coming out of Chicago. Quite a fellow. He gets around!

MR. D.W. BELL: He ought to be French.

MR. BLOUGH: I didn't think he was that smart.

MR. D.W. BELL: Bobs up on either side.

MR. SMITH: That is all except they are getting along very well and they are working as well.

H.M.JR: Daniel?

MR. D.W. BELL: I asked the Federal Reserve Bank to bring in a force on the fourth to give us some reports. They have now called up on the telephone objecting to that, saying that they have to bring down their whole mail force to open all the mail. They couldn't separate it out and we won't get anything on the fourth that we wouldn't get on the fifth and the banks are all closed. We would get nothing except just what is in the mail. They beg off. They want to close. I think if we don't need the reports for your speech that I will let them off. They work pretty hard.

H.M.JR: I wouldn't do that.

MR. D.W. BELL: The other thing is, I hope you will get time to talk about whether or not we are going to reopen the question of allowing insurance companies to make deferred payments before the week is out. I think if you are going to make it I would release it probably Tuesday for Wednesday morning's papers.

H.M.JR: Surely.

-23-

MR. C.S. BELL: Here is Harry's statement that Fred brought down last night on the Bank. There is also a little memorandum from Harry to you.

H.M.JR: This is for me?

MR. C.S. BELL: Yes, sir. That's for your delegates for Friday. We are reproducing that this morning. I have already reproduced the Fund statement. I'll have a little letter for you to the delegates today.

H.M.JR: Yes.

MR. C.S. BELL: Mr. Glasser wants to send Miss Elizabeth Conway to London as Secretary to Taylor. You told me to clear with you anyone going to London.

H.M.JR: Yes.

MR. O'CONNELL: Did you say no, Mr. Secretary?

H.M.JR: I didn't say anything. I don't know.

MR. GLASSER: It's just that Taylor needs some secretarial help. We have a girl who is anxious to go.

H.M.JR: How old is she?

MR. C.S. BELL: She's thirty-six.

H.M.JR: Okay!

MRS. KLOTZ: Mr. Morgenthau, really! (Laughter)

H.M.JR: You arrive at the age of discretion.

MR. O'CONNELL: Mr. Secretary, I would like to make a point there. Miss Conway works for the General Counsel's Office and this is the first I had heard of Miss Conway's going to London.

H.M.JR: That's not right.

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MR. O'CONNELL: That's what I had in mind.

H.M.JR: I think you are very modest and very controlled. Why should they pick somebody out of the General Counsel's Office without even telling--

MR. GLASSER: I thought this had been cleared. The name was given to me.

H.M.JR: Why don't you clear it with the General Counsel, Mr. Charlie Bell, before it comes to me?

MR. O'CONNELL: There are other possibilities.

MR. C.S. BELL: I am just going to see if I have Joe O'Connell's clearance on it.

MR. SULLIVAN: Won't that be awful!

MR. O'CONNELL: I would be seriously embarrassed if you have, and very surprised!

MR. C.S. BELL: There was nothing in the letter, Mr. Secretary, to indicate she was an employee of the General Counsel's Office in the first place.

H.M.JR: Listen, Charlie, before any girl goes to London, her history should be gone through with a fine-tooth comb. Why do you pick on the General Counsel's Office?

MR. GLASSER: The suggestion came from General Counsel's Office.

MR. O'CONNELL: She would be working for Buz Aarons as well as Taylor probably.

MR. D.W. BELL: That's probably what happened.

H.M.JR: Listen, in other words, to give Charlie Bell a chance, hold this thing up for twenty-four hours.

MR. C.S. BELL: We have Aarons' initials on the letter. He is your Assistant General Counsel. But I'll admit it should have gone through you as General Counsel.

MR. O'CONNELL: My only point is I haven't heard of it before and it may be the fault of my own office.

H.M.JR: I would say so. Throw it back to Buz Aarons and let him clear it with his superior officer. That's the purpose of these meetings. But it is on Aarons and not on Charlie Bell. Will you throw it back?

MR. C.S. BELL: Yes, sir.

H.M.JR: We will have another meeting tomorrow, if you don't mind, on this vacation stuff.

(Secretary hands Mr. Dan Bell schedule of vacations)

I don't think, if you people don't mind--I would rather they didn't take more than two weeks at a time.

MRS. KLOTZ: There was a ruling to that effect.

H.M.JR: Dan, would you mind handling this for me or is that asking too much?

MR. D.W. BELL: I don't mind.

H.M.JR: There is one person who has asked for a full month. I am just saying that I don't think anybody should take more than two weeks at a time. The only exception to that is because he hasn't had it--Mr. Gamble. So if Gamble would take a month, it would please me very much.

MR. GAMBLE: It would please me too, Mr. Secretary, but I can't do it!

H.M.JR: With that exception--I should everybody should take two weeks, but I don't think they ought to take more than that. You see where my arrow was, don't you?

MR. D.W. BELL: Yes. Okay.

-26-

H.M.JR: But if you would handle it--I want everybody to take it. There is no use trying to key it in with me because my plans are so uncertain, I just don't know where--

MR. C.S. BELL: On your meeting Friday, Judge Vinson will be here, Acheson, Brown, Crowley, Eccles; The Congressional Group are right hard to get. They are not in town. I am still working on Miss Newcomer. I haven't been able to locate her. Senator Tobey and Wagner will not be here. They are both out of town. In fact, Wagner is boarding the train to New York.

H.M.JR: If I could have five minutes, Ted, I will join you in the other room to go over the charts, but I would like five minutes, could I? If anybody is interested in where war bonds are, I'll be in there in five minutes.

MR. D.W. BELL: I have a gentleman coming in at eleven.

H.M.JR: All right. I need five minutes.

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June 28, 1944.

Dear Archie:

I appreciate your writing me as you did, and I am glad to answer your inquiry.

The material prepared and approved for the second War Bond show turned out to be far in excess of what we could use in the time allotted. We would have much preferred to cut and condense all through the program, but this was not possible, and so we had to take out your script, and one or two other additions which could be eliminated and still leave the program well balanced and a complete whole.

I need not tell you how difficult it is to do these last minute jobs of cutting and changing, and how sorry I was that your script was sacrificed to our oversupply of good material.

With cordial personal regards,

Sincerely,

(Signed) Henry

Honorable Archibald MacLeish,
The Librarian of Congress,
Washington, D. C.

GEF/dbs



THE LIBRARIAN OF CONGRESS

WASHINGTON

22-15
 425

June 26, 1944

Personal

Dear Henry:

Orson Welles tells me that the script he had asked me to prepare for his second War Bond show, and which he had accepted, was omitted at your request, but for reasons which you did not express.

Knowing you, and feeling as I do about you, I feel certain that you had reasons, and reasons which seemed to you good.

Would you care to tell me what they were for my own peace of mind? If you will put yourself in my position, I think you will see why I ask you.

Faithfully yours,

Archibald MacLeish
 Archibald MacLeish

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



THE LIBRARIAN OF CONGRESS

WASHINGTON

2-2-44
J. L. H.

June 26, 1944

Personal

Dear Henry:

Orson Welles tells me that the script he had asked me to prepare for his second War Bond show, and which he had accepted, was omitted at your request, but for reasons which you did not express.

Knowing you, and feeling as I do about you, I feel certain that you had reasons, and reasons which seemed to you good.

Would you care to tell me what they were for my own peace of mind? If you will put yourself in my position, I think you will see why I ask you.

Faithfully yours,

Archibald MacLeish
Archibald MacLeish

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

HH

Platform Adopted by 1944 Republican National Convention

(Excerpts relating to taxation and finance)

* * * *

Small business is the basis of American enterprise. It must be preserved. If protected against discrimination and afforded equality of opportunity throughout the nation, it will become the most potent factor in providing employment. It must also be aided by changes in taxation, by eliminating excessive and repressive regulation and Government competition, by the enforcement of laws against monopoly and unfair competition, and by providing simpler and cheaper methods for obtaining venture capital necessary for growth and expansion.

* * * *

As soon as the war ends the present rates of taxation on individual incomes, on corporation and on consumption should be reduced as far as is consistent with the payment of the normal expenditures of Government in the postwar period. We reject the theory of restoring prosperity through Government spending and deficit financing.

We shall eliminate from the budget all wasteful and unnecessary expenditures and exercise the most rigid economy.

It is essential that Federal and State tax structures be more effectively coordinated to the end that State tax sources be not unduly impaired.

We shall maintain the value of the American dollar and regard the payment of Government debt as an obligation of honor which prohibits any policy leading to the depreciation of the currency. We shall reduce that debt as soon as economic conditions make such reduction possible.

Control of the currency must be restored to Congress by repeal of existing legislation which gives the President unnecessary and dangerous powers over our currency.

- 2 -

We assure American farmers, livestock producers, workers and industry that we will establish and maintain a fair protective tariff on competitive products so that the standards of living of our people shall not be impaired through the importation of commodities produced abroad by labor or producers functioning upon lower standards than our own.

* * * *

The payment of any poll tax should not be a condition of voting in Federal elections, and we favor immediate submission of a Constitutional amendment for its abolition.

* * * *

We favor . . . (1) continuance, for tax purposes, of adequate depletion allowances on oil, gas, and minerals; . . .

June 28, 1944

June 28, 1944
10:59 a.m.

Grace
Tully: Good morning, Mr. Secretary.

HMJr: How are you?

T: How are you, sir?

HMJr: Fine.

T: All right, sir.

HMJr: Grace, when I called you, I didn't know I was going to see the President at eleven-thirty.

T: Uh huh.

HMJr: And I wanted to ask him -- find out from you what he's told Kung, but now I can ask him myself.

T: All right. Fine.

HMJr: And you don't know how his talk is coming along? Should I get that from Sam direct?

T: Yes, I gave -- turned it over to Sam yesterday and he didn't give it back to me yet, Mr. Secretary.

HMJr: Well, then I'll

T: He may have taken it up with the Boss this morning, you see.

HMJr: Well, I'll call him.

T: All right. Fine.

HMJr: Thank you.

T: All right, sir.

June 28, 1944
11:02 a.m.

HMJr: Hello. Hello.

Sam
Rosenman: Hello.

HMJr: Good morning, Sam.

R: How are you, Henry?

HMJr: I'm fine. Sam, I wanted to inquire how the President's opening address for the Monetary Conference is coming.

R: Well, I -- I just went over it and just sent it in to him.

HMJr: Oh.

R: I just talked with Gaston about it.

HMJr: Oh. I didn't know

R: Do you think it ought to be cleared over at State?

HMJr: Do I think so?

R: Yeah.

HMJr: Well, I think if it was, it would save any possible criticism.

R: Yes. Yeah, that's why I called because I understood that -- that it had been before it came over but Herb said it hadn't.

HMJr: No.

R: So, what I've done -- I've worked it over a little and sent it in to the President just now, rewritten.

HMJr: Yeah.

R: And asked him if he wants -- told him it wasn't cleared at State. If he wants to clear it, I can....

HMJr: Yeah.

- 2 -

R:send it over. Is Hull around? Do you know?

HMJr: I don't know if

R: Well, if he isn't, I can do it with Stettinius.

HMJr: Yeah.

R: But I think it would prevent some trouble if it were.

HMJr: Oh, I think it -- I sent mine over to State.

R: Yeah. That's what Herb told me.

HMJr: Did you read mine?

R: Yep. I think it's very good.

HMJr: Did you like it?

R: Excellent.

HMJr: Any suggestions?

R: No, I think that one -- that four percent of four hundred million Chinese....

HMJr: Yeah.

R:and forty percent to England is very good.

HMJr: I thought so.

R: It's a very startling figure.

HMJr: Yeah. I hope it's correct.

R: (Laughs)

HMJr: I'm having that checked.

R: Yeah. Well, I'm sorry I won't be with you.

HMJr: I am, too, but the President said he wanted you around.

R: Yeah. I don't know what the hell for.

- 3 -

HMJr: But

R: Did you hear Claire Luce last night?

HMJr: I heard enough to turn my stomach.

R: Yeah, but I think it was damned effective, Henry.

HMJr: Yeah.

R: If she'd have left out three sentences, it would have been a perfect political speech.

HMJr: Yeah.

R: She called the President a liar.

HMJr: Yeah.

R: She could have left that out. She said he had no integrity.

HMJr: Yeah.

R: She could have left that out, and one other crack at him and it would have been a -- a very effective speech. Of course, it's a lousy thing to make political capital out of dead soldiers.

HMJr: Oh, I thought it was terrible.

R: And that might get across, you know.

HMJr: Yeah. It may be a boomerang.

R: Huh?

HMJr: It may be a boomerang.

R: It may be a boomerang, but she's a damned effective talker.

HMJr: Yes, she is.

R: She's -- she's a sort of a snake, you know.

HMJr: Yeah, I know.

- 4 -

R: And it may have that effect with people who are talking about -- who are using dead soldiers to get votes.

HMJr: Yeah.

R: Unfortunately, we have no woman that's enough of a bastard to take her apart.

HMJr: Why, yes, you have.

R: Well, Dorothy Thompson did four years ago.

HMJr: Yeah.

R: But I don't know. She's been writing more high-brow stuff now.

HMJr: But she could still do it.

R: Well, you know the woman we've got is not up to it. The woman who's going to speak at our convention.

HMJr: Who's that?

R: Helen Gahagan.

HMJr: Oh.

R: Do you think she is?

HMJr: I don't know. I don't know. She's a good actress.

R: She's good looking.

HMJr: (Laughs) Okay.

R: That's what you mean.

HMJr: No, I meant -- no, she is an actress though.

R: I know -- I know she is, yes.

HMJr: I don't know whether she can -- depends upon who writes it for her.

R: Do you want to see a funny article?

- 5 -

HMJr: Yeah.

R: Read Mark Sullivan this morning about Claire.
You'll get quite a laugh.

HMJr: Okay.

R: All right.

HMJr: Thank you.

June 28, 1944
12:52 p.m.

Operator: Mr. Stettinius is out of the city and Mr. Dunn hasn't been in his office this morning and they don't think he will be in until about two-thirty. He had an outside appointment this morning.

HMJr: All right. Get me Mr. Gray in Mr. Hull's office.

Operator: All right.

HMJr: If he's not there, one of his other secretaries.

Operator: All right.

HMJr: Gray or

Operator: Renchard? *

HMJr: One of them.

Operator: Or Brown?

HMJr: Yeah.

12:54 p.m.

HMJr: Hello.

David Gray: Hello, Mr. Secretary.

HMJr: Good morning. Mr. Gray

G: Yes, sir.

HMJr: I have just been with the President and he said that he would like to devote one day of General de Gaulle's time to discussing finances.

G: Uh huh.

HMJr: And that any day that suited me, he didn't care which day it was, but on account of coming down from Bretton Woods, you see?

G: Yes, sir.

HMJr: Now, if it's just the same to Mr. Hull and whoever is -- I don't -- I take it you people are making up the program.

G: Well, I haven't seen very much on it yet.

HMJr: Well, I think that Mr. Stettinius and McCloy are working on it.

G: I see.

HMJr: But I can't get Mr. Stettinius so would you suggest to them and then let me know, if you could, within twenty-four hours. I would like to suggest the sixth. He gets here on the fifth, the President tells me. Hello?

G: Hello.

HMJr: So, I -- I'm sure he wouldn't want to do it the first day....

G: Uh huh.

HMJr: so I'm making -- I'm suggesting the sixth if that's suitable to everybody else involved.

G: Uh huh.

HMJr: See?

G: Uh huh. Uh huh.

HMJr: Now, will

G: Yeah. Mr. Stettinius has gone.

HMJr: I know.

G: He won't be back -- I don't know whether he'll be here up to within twenty-four hours or not.

HMJr: Well, if you could let me know by -- not later than Friday noon.

G: Yeah. All right, I'll -- I'll

HMJr: Maybe Mr. Dunn is handling it.

- 3 -

G: Yeah. I'll do my very best.

HMJr: But I say maybe Mr. Dunn is handling it.

G: I'll do my very best for you, Mr. Secretary.

HMJr: I know Mr. McCloy is in on it.

G: Yes, sir.

HMJr: But who's over there in your Department I wouldn't know.

G: Yeah. All right, I'll do my best, sir.

HMJr: By Friday noon.

G: All right, sir.

HMJr: Thank you.

G: All right, sir.

June 28, 1944.

My dear Dean:

It is understood that Mr. Harry White has rather counted on the advice and assistance of Mr. Mordecai J. B. Ezekiel of the Department of Agriculture in the capacity of a Technical Advisor on the American Delegation in connection with the conference at Bretton Woods, New Hampshire.

It will be appreciated if you will have Mr. Ezekiel included in the American Delegation and provided with the customary travel and hotel accommodations.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Dean Acheson
Assistant Secretary of State
Washington, D. C.

CSB/mhg

6/28/44

June 28, 1944
3:50 p.m.

Operator: Go ahead.

HMJr: Hello.

Dean
Acheson: Henry.

HMJr: In person.

A: (Laughs)

HMJr: I've just received three countries and their delegations. I'm exhausted.

A: You are? You -- you don't know nothing yet.

HMJr: That's what they tell me.

A: You haven't started.

HMJr: We had the Poles and the Russians and we had no fights.

A: Good. I think I really don't need to bother you now because Charlie Bell called me. I got your letter about Ezekial.

HMJr: Yeah.

A: And I was going to tell you what I pointed out to Bell, that we do not have authority, except as the President directs, to put people on this list.

HMJr: Yes.

A: So Bell has asked me to send a memorandum over....

HMJr: Yes.

A:saying that you request having him added.

HMJr: Yes.

A: And he says as a technical secretary rather than a technical advisor to sort of play him down. That -- is that what you wish done?

HMJr: Yeah, I wanted to definitely play him down. I got -- I -- I got him off those two -- that committee, you know.

- A: Yes.
- HMJr: But Harry's made a commitment so it's -- I don't know what negotiations went on between White and Charlie Bell but this is the net result of it.
- A: Yes. Well, I'll send that over this afternoon and as soon as we get the President's approval, we'll put him on.
- HMJr: Right. And
- A: Have you had any talk with Harry about the people who should reply to your opening words of welcome at the informal session?
- HMJr: No.
- A: Well, I'm -- I'll struggle with it.
- HMJr: No.
- A: We had suggested that they have Lord Keynes, a Greek and a Mexican, in order to get this thing scattered around. Harry comes back and says that he thinks they want a Canadian and a Chinese.
- HMJr: (Laughs) If I can only keep my sense of humor, I'll be all right.
- A: We -- we've really got to do something a little more geographical than that.
- HMJr: Yeah.
- A: I think if at some time or other Keynes ought to make a speech. Everybody's going to wonder why he doesn't make a speech if he doesn't. And I think we've got to get some of these smaller nations recognized.
- HMJr: Well, I originally suggested to Brand that -- I think I told you -- this was a month or so ago -- I thought it would have been wonderful to have had a small country preside and they came back and said, "No", that they thought I should.
- A: Yes.

HMJr: But I'm all for bringing in the small countries.

A: Yes.

HMJr: I don't know how you feel but I like the way Czechoslovakia always conducts itself.

A: Yes.

HMJr: I mean, if I could -- I feel -- I always feel the people they send in here are very high-grade people.

A: Yes. That's right.

HMJr: What?

A: Yes, I think that's right.

HMJr: I just offer that as a -- I mean if you're looking around to pick names of countries out of a grab bag, I think they're very good.

A: All right. Well, we -- we might have them. I think we -- we ought to have somebody -- we ought to have one of the American Republics.

HMJr: Good.

A: Mexico has its Minister of Finance here.

HMJr: Well, Mr. Suarez

A: Yeah.

HMJr: just left here. He's feeling very good. Full of -- oozing silver, and he says all he wants is just one teeny, little line in there about silver, to leave the door open.

A: (Laughs)

HMJr: So I said, well, I hope he didn't leave it too far open because we -- would only make trouble for us.

A: Yes.

HMJr: He said, "Well, we have to pay countries in silver." So I said, "Well, why not pay them in oil?" I said, "We could use that better than we could use the silver."

A: (Laughs)

HMJr: Well, he didn't know whether I was serious or not.

A: (Laughs)

HMJr: But that's the way I left it with him anyway. But he's in very good fettle and the Russians have got quite a delegation. They've been in.

A: Yeah.

HMJr: Well, those sort of things, I'd be delighted to be guided by you, Dean. You'll have no trouble with me on any of that sort of thing.

A: All right, Henry. I'll call Harry and get him on the phone....

HMJr: You'll have no trouble with me on that sort of thing.

A: and see if we can't settle the thing.

HMJr: Did you like the draft I sent over?

A: Why, yes. I told Herbert that I thought it was very good.

HMJr: Thank you. We're adopting, I think, practically all of your suggestions.

A: Yes.

HMJr: And we had some from Sweetser. I think he's going to be helpful, too.

A: Yes, I think he will.

HMJr: Thank you, Dean.

A: Thank you, Henry.

June 28, 1944
4:27 p.m.

Operator: Go ahead.

HMJr: Yes.

David Gray: Mr. Secretary.

HMJr: Yes.

G: On that matter, it's tentatively booked on the sixth.

HMJr: Yes.

G: Assuming that the -- that the fellow gets here on the day before that.

HMJr: That's right.

G: And, of course, subject to anything else that might arise. A fellow never can tell. But as the matter now stands, it's the first item and it's -- but it's -- I say, it's tentative.

HMJr: Well, you keep me posted.

G: Yeah. I've got it and got all hands posted.

HMJr: Thank you very much.

G: All right, sir. Good bye.

HMJr: Bye.

MONETARY CONFERENCE DELEGATES
COURTESY CALLS
June 28, 1944

RUSSIA: 3:00 p.m.

M. S. Stepanov, Chief of Delegation
Deputy of the Peoples Commissar
for Foreign Trade

M. A. Maletin, Deputy of the Peoples Commissar
for Finance

N. F. Chechulin, Assistant Chairman of Soviet
State Bank

I. D. Zlobin, Chief, Monetary Division of the
Finance Commissariat

Dr. A. A. Arutiunian, Chief, Monetary Division of
Foreign Trade Commissariat

*

POLISH: 3:15 p.m.

Dr. Ludwik Grosfeld, Finance Minister

Janusz Zoltowski, Financial Counselor

MEXICAN: 3:30 p.m.

Mr. Suarez, Finance Minister

** Ambassador Najera

* Also A. N. Kasputin, Charge d'Affairs
Mr. Kuzminsky, Interpreter.

** Senor de la Colina, Minister Counselor instead of
the Ambassador

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 28, 1944

TO Secretary Morgenthau

FROM Charles S. Bell *CSB*

Senator Tobey cannot attend the meeting Friday morning in your office. He is now in New Hampshire and will go over to Bretton Woods.

TREASURY DEPARTMENT

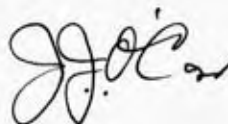
INTER OFFICE COMMUNICATION

Date 6/28/44

TO Secretary Morgenthau
FROM Mr. O'Connell

For the record

I talked with Senator Barkley this afternoon about the designation of Congressmen Somers and Reed as advisers to the delegates to the Monetary conference and he expressed the view that since there is no committee in the Senate corresponding to the Coinage, Weights, and Measures Committee in the House, he could see no necessity for having any Senatorial representation at the level of adviser.



June 28, 1944.

My dear Mr. Reed:

It would be greatly appreciated if you could assist me in the capacity of Technical Advisor on the American Delegation at the United Nations' Monetary and Financial Conference scheduled to open at Bretton Woods, New Hampshire, on July 1st.

I regret exceedingly that my request provides you with this short notice, but I have been out of the city for the last few days and am now getting around to the organizational aspects of the conference and would like very much to count upon you for this assignment.

The details respecting your transportation and hotel accommodations will be furnished you through my Administrative Assistant, Mr. Charles S. Bell.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Chauncey W. Reed
House of Representatives
Washington, D. C.

CSB/mhg

6/28/44

ST. 1/10 BK 743

June 28, 1944.

My dear Mr. Somers:

It would be greatly appreciated if you could assist me in the capacity of Technical Advisor on the American Delegation at the United Nations' Monetary and Financial Conference scheduled to open at Bretton Woods, New Hampshire, on July 1st.

I regret exceedingly that my request provides you with this short notice, but I have been out of the city for the last few days and am now getting around to the organizational aspects of the conference and would like very much to count upon you for this assignment.

The details respecting your transportation and hotel accommodations will be furnished you through my Administrative Assistant, Mr. Charles S. Bell.

Sincerely,

(Signed) H. Morgenthau, Jr.

Honorable Andrew L. Somers
House of Representatives
Washington, D. C.

CSB/mhg

6/28/44

JUN 28 1944

My dear Mr. Crowley:

There are attached hereto data embodying the principal questions at issue both on the Fund and Bank previously expressed by certain of the foreign delegates, together with some discussion of the American point of view, which, it is thought, might serve to enlighten you on the forthcoming conference at Bretton Woods and the preliminary meeting to be held in my office Friday, June 30, at 10:00 a.m.

Sincerely yours,

(Signed) H. Morgenthau, Jr.
Secretary of the Treasury

Honorable Leo T. Crowley,
Administrator, Foreign Economic
Administration,
Washington, D. C.

CSB:jp

CONFIDENTIAL

JUN 28 1944

My dear Mr. Acheson:

There are attached hereto data embodying the principal questions at issue both on the Fund and Bank previously expressed by certain of the foreign delegates, together with some discussion of the American point of view, which, it is thought, might serve to enlighten you on the forthcoming conference at Bretton Woods and the preliminary meeting to be held in my office Friday, June 30, at 10:00 a.m.

Sincerely yours,

(Signed) H. Morgenthau, Jr.
Secretary of the Treasury

Honorable Dean Acheson,
Assistant Secretary of State,
Washington, D. C.

CSH:jp

CONFIDENTIAL

JUN 28 1944

My dear Mr. Vinson:

There are attached hereto data embodying the principal questions at issue both on the Fund and Bank previously expressed by certain of the foreign delegates, together with some discussion of the American point of view, which, it is thought, might serve to enlighten you on the forthcoming conference at Bretton Woods and the preliminary meeting to be held in my office Friday, June 30, at 10:00 a.m.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable Fred M. Vinson,
Director, Office of Economic Stabilization,
Washington, D. C.

CSB: jp

CONFIDENTIAL

JUN 28 1944

My dear Mr. Brown:

There are attached hereto data embodying the principal questions at issue both on the Fund and Bank previously expressed by certain of the foreign delegates, together with some discussion of the American point of view, which, it is thought, might serve to enlighten you on the forthcoming conference at Bretton Woods and the preliminary meeting to be held in my office Friday, June 30, at 10:00 a.m.

Sincerely yours,

(Signed) H. Morgenthau, Jr.
Secretary of the Treasury

Mr. Edward E. Brown, President,
First National Bank of Chicago,
Chicago, Illinois.

CSB:jp

CONFIDENTIAL

JUN 28 1944

My dear Mr. Eccles:

There are attached hereto data embodying the principal questions at issue both on the Fund and Bank previously expressed by certain of the foreign delegates, together with some discussion of the American point of view, which, it is thought, might serve to enlighten you on the forthcoming conference at Bretton Woods and the preliminary meeting to be held in my office Friday, June 30, at 10:00 a.m.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable Marriner S. Eccles,
Chairman, Board of Governors of the
Federal Reserve System,
Washington, D. C.

GSD:jp

CONFIDENTIAL

JUN 28 1944,

My dear Miss Newcomer:

There are attached hereto data embodying the principal questions at issue both on the Fund and Bank previously expressed by certain of the foreign delegates, together with some discussion of the American point of view, which, it is thought, might serve to enlighten you on the forthcoming conference at Bretton Woods and the preliminary meeting to be held in my office Friday, June 30, at 10:00 a.m.

Sincerely yours,

(Signed) H. Morgenthau, Jr.
Secretary of the Treasury

Miss Mabel Newcomer,
Professor of Economics,
Vassar College,
Poughkeepsie, New York.

CSB:jp

CONFIDENTIAL

JUN 28 1944

My dear Mr. Spence:

There are attached hereto data embodying the principal questions at issue both on the Fund and Bank previously expressed by certain of the foreign delegates, together with some discussion of the American point of view, which, it is thought, might serve to enlighten you on the forthcoming conference at Bretton Woods and the preliminary meeting to be held in my office Friday, June 30, at 10:00 a.m.

Sincerely yours,

(Signed) H. Morgenthau, Jr.
Secretary of the Treasury

Honorable Brent Spence,
House of Representatives,
Chairman, Committee on Banking
and Currency,
Washington, D. C.

CSB:jp

CONFIDENTIAL

JUN 28 1944

My dear Mr. Tobey:

There are attached hereto data embodying the principal questions at issue both on the Fund and Bank previously expressed by certain of the foreign delegates, together with some discussion of the American point of view, which, it is thought, might serve to enlighten you on the forthcoming conference at Bretton Woods and the preliminary meeting to be held in my office Friday, June 30, at 10:00 a.m.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable Charles W. Tobey,
United States Senate,
Member, Committee on Banking
and Currency,
Washington, D. C.

CSB:jy

CONFIDENTIAL

JUN 28 1944

My dear Mr. Wagner:

There are attached hereto data embodying the principal questions at issue both on the Fund and Bank previously expressed by certain of the foreign delegates, together with some discussion of the American point of view, which, it is thought, might serve to enlighten you on the forthcoming conference at Bretton Woods and the preliminary meeting to be held in my office Friday, June 30, at 10:00 a.m.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Honorable Robert F. Wagner,
United States Senate,
Chairman, Committee on Banking
and Currency,
Washington, D. C.

CSB:jp

CONFIDENTIAL

JUN 28 1944

My dear Mr. Wolcott:

There are attached hereto data embodying the principal questions at issue both on the Fund and Bank previously expressed by certain of the foreign delegates, together with some discussion of the American point of view, which, it is thought, might serve to enlighten you on the forthcoming conference at Bretton Woods and the preliminary meeting to be held in my office Friday, June 30, at 10:00 a.m.

Sincerely yours,

(Signed) H. Morgenthau, Jr.
Secretary of the Treasury

Honorable Jesse P. Wolcott,
House of Representatives,
Member, Committee on Banking
and Currency,
Washington, D. C.

CSE:jp

CONFIDENTIAL

JUN 28 1944

My dear Mr. Angell:

There are attached hereto data embodying the principal questions at issue both on the Fund and Bank previously expressed by certain of the foreign delegates, together with some discussion of the American point of view, which, it is thought, might serve to enlighten you on the forthcoming conference at Bretton Woods and the preliminary meeting to be held in my office Friday, June 30, at 10:00 a.m.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury

Mr. James W. Angell,
Foreign Economic Administration,
Washington, D. C.

CSB:jp

CONFIDENTIAL

JUN 28 1944

My dear Mr. Bryan:

There are attached hereto data embodying the principal questions at issue both on the Fund and Bank previously expressed by certain of the foreign delegates, together with some discussion of the American point of view, which, it is thought, might serve to enlighten you on the forthcoming conference at Bretton Woods and the preliminary meeting to be held in my office Friday, June 30, at 10:00 a.m.

Sincerely yours,

(Signed) H. Morgenthau, Jr.
Secretary of the Treasury

Mr. Malcolm Bryan,
Vice President,
Federal Reserve Bank of Atlanta,
Atlanta, Georgia.

CSB:jp

CONFIDENTIAL

QUESTIONS AT ISSUE ON THE FUND1. Quotas

Many countries believe that the proposed quotas are inadequate for their needs.

China has pressed the view that her quota must be the fourth largest as a recognition of her role in the war. This would probably involve a quota of more than \$500 million. France has said that her quota must be fourth or fifth. India takes the view that as the largest exporting and importing country in the Far East her quota should be larger than that of China. Australia has said that she cannot assume the obligations of membership unless assured a quota of \$300 million. England supports the view that the quota of all small countries should be raised - in particular, that quotas under \$150 million should be doubled.

The American technical advisers have regarded the determination of quotas as fundamentally an objective matter. Quotas must be based on a formula that recognizes a country's ability to subscribe to the Fund, her need for use of the Fund, and the responsibility that must be given to her in the management of the Fund. The formula proposed by the American technical advisers takes account of national income, gold and dollar holdings, foreign trade, fluctuations in exports, and the importance of foreign trade in national income. Because the data of the past are not completely applicable to the future and because intangible considerations cannot be measured by a formula, it is proposed to set aside 10 per cent of the aggregate quotas (\$800 million) to be apportioned among countries whose quotas, based on the formula, are clearly inequitable.

The principal interests of the United States in quotas may be summarized briefly as follows:

- (a) Aggregate quotas should not be above \$8.5 billion as a maximum. If an objective formula results in aggregate quotas of \$8.5 billion, it is better to depend on the formula than to cut arbitrarily the quotas of some countries.
- (b) The quota of the United States should be about \$2.5 billion, and under no circumstances more than \$2.75 billion.
- (c) The quota of the United Kingdom and the Crown colonies should not be more than \$1.3 billion, and the total quotas of the British Empire must be less than the quota of the United States.

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- (d) Russia should have the third and China the fourth largest quotas.
- (e) The apportionment of quotas among other countries is a matter that can safely be left to them within the framework of the principles stated above. We should, of course, see that the Latin American republics are given fair treatment on quotas.

2. Gold Subscription

Several countries, including Russia, wish to have a reduction of 50 per cent in the required gold subscription of countries that have suffered substantial damage by enemy action or occupation.

The required gold subscription to the Fund is 25 per cent of a country's quota or 10 per cent of its holdings of gold and dollar balances, whichever is less. Russia has expressed the view that as a country that has suffered most severely from enemy destruction, it will have the greatest need for independent resources of gold in meeting the costs of imports for reconstruction. Recognition of the special needs of Russia should be given by allowing a reduction in one-half of her required gold subscription to the Fund which would be about \$160 million on the basis of the formula. France has taken a similar position. Its gold holdings are large, but they will be depleted rapidly in meeting the costs of imports essential to reconstruction. The French regard these holdings as already set aside for the immediate post-war period and feel that her present holdings should not be regarded as the proper basis for gold subscription to the Fund.

As would be expected, the occupied countries all hold these views, although not so strongly pushed by them as by Russia and France. On the other hand, England holds that destruction by enemy action may be less important than the deterioration in a country's international economic position resulting from the war. Thus, England has lost billions in foreign investments and in other foreign exchange assets, and the problem of balancing her international accounts will be more difficult than for some of the occupied countries. If any concession on the required gold subscription is given to other countries, England insists that the same concession be given to her.

The attitude of the American technical advisers has been that there is some basis for a reduction in the required gold subscription of occupied countries, and to some extent for England. In the view of the technical advisers, this concession is much less important than the occupied countries believe. The ability of a country to purchase foreign exchange from the Fund with local currency within its quota is reduced precisely to the same extent as its gold subscription is reduced. The

aggregate potential exchange resources of a country, its gold holdings plus the unused portion of its quota in the Fund, remains the same, although the amount available to the country within the first two or three years (from its own resources and from the Fund) is temporarily greater with a reduction in gold subscription.

Recently, Russia has suggested that the reduction in the required gold subscription be graduated, the countries with the greatest damage being allowed a reduction of 50 percent (Russia) and the rest being allowed varying reductions ranging from 25 per cent to 50 per cent of the required gold subscription. The view expressed by the American technical advisers is that a graduated reduction is not feasible and would lead to endless controversy in estimating relative damage and need. If any reduction is allowed, it should be uniform and it should not exceed 25 per cent of the required subscription.

3. Official holdings of gold

The U.K. wishes to have gold subscription based on net holdings of gold, offsetting their gold holdings in part by gold obligations.

England has expressed the view that official holdings of gold do not represent the appropriate basis for determining the required gold subscription to the Fund. Against its holdings of gold England has certain liabilities expressed in gold. In particular, there is an obligation to Portugal to redeem certain sterling balances in gold within five years after the war. There is also an obligation to convert Swiss balances into gold whenever they exceed about 5 million pounds. Apart from such specific gold obligations, there are registered sterling balances (held by U. S. nationals and Swiss nationals) which can be converted into dollars or Swiss francs, and sterling balances held by Iran and guaranteed against depreciation in terms of gold.

The American technical advisers are prepared to recognize that certain offsets can be legitimately claimed. This is particularly the case if the gold obligation of the debtor country is regarded as a gold asset by the creditor country and is included in its gold holdings. Any rule on offsets should be uniformly applicable in order to assure that the gold holdings excluded by one country are included by another. The American technical advisers have on several occasions asked for a specific statement from the British experts on what offsets would be claimed and the justification in each case. No specific claims have been put forward, and the question will have to given further consideration after the British experts arrive.

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4. Newly-mined gold

Russia believes that the requirement to repurchase local currency with gold should not apply to newly-mined gold.

The Joint Statement on the International Monetary Fund provides that member countries must repurchase their local currency with one-half of the increase in their gold holdings. The Russians have stated that this provision should not apply to newly-mined gold because such gold is not the result of a favorable balance of payments and does not put pressure on the gold reserves of other countries. The American technical advisers have taken the view that the purpose of the Fund is to provide aid in maintaining exchange stability for countries that have inadequate gold and exchange resources. The fact that a country's gold holdings increase, even if it is newly-mined gold, is evidence that it is in a position to repurchase from the Fund the local currency holdings of the Fund in excess of 75 per cent of its quota.

More recently, the Russians have proposed that the requirement to repurchase local currency with gold should not apply during the first five years to newly-mined gold in countries where enemy action has resulted in substantial damage. Such a definition would be applicable only to Russia and the Philippine Islands, the only important gold-producing countries occupied in whole or in part by the enemy. It might be possible to allow Russia to accumulate her newly-mined gold during a moderate period of two to three years on the theory that she has been unable to engage in normal gold-mining operations, so that her gold reserves could not be built up because of the complete conversion of Russia's industry to war.

5. Exchange Rates

Belgium, China, Czechoslovakia, Netherlands and several other occupied countries favor a more flexible provision for the alteration of exchange rates. In particular, they favor setting exchange rates provisionally at the time of the establishment of the Fund, leaving definitive rates for subsequent determination.

The problem of determining initial exchange rates is a very difficult one. It is the view of the American technical advisers that agreement on each of 44 individual exchange rates would be an impossible task. Furthermore, there is no need for considering anew the exchange rates of most countries. For the United States, the Latin American republics, and the British Empire countries, the probability is strong that prevailing exchange rates are in fact

appropriate. The countries in which there is reasonable doubt on the satisfactory nature of the exchange rates are countries that have been occupied by the enemy. The American technical advisers recommend that initial rates of exchange be based on the official dollar rates as of July 1, 1944, but that in those cases where the Fund or the member country regards the prevailing rate as inappropriate, a new rate would be determined by agreement between the Fund and the member country. No exchange transactions should be undertaken by the Fund until a rate has been determined that is satisfactory to the Fund and to the member country.

So far as concerns changes in exchange rates, no special provision should be made for occupied countries, particularly as it may be possible to delay the determination of definitive rates for a few months. However, in passing upon requests for adjustment in exchange rates the Fund should take into consideration the uncertainties of the post-war period and should give a country requesting a change in exchange rates the benefit of reasonable doubt.

6. Russia's Exchange Rate

Russia wishes to reserve power to change her exchange rate without the approval of the Fund since she holds that her exchange rate has no effect on international transactions.

The Russian experts have taken the view that because Russia is a state trading country her exchange rate is not of significance to other countries. Russian exports are priced in terms of foreign exchange and are sold for foreign exchange in world markets. Russian imports are purchased in foreign markets in terms of foreign exchange and payment is made in foreign exchange. The Russian exchange rate, according to the Russian experts, is a matter of internal bookkeeping and does not affect the international economic relationships of Russia.

The American technical experts are of the opinion that there is a good deal of truth in the contention of the Russian experts that the imports and exports of Russia are determined on the basis of an overall plan for the economy and that they are not affected by the ruble exchange rate. It may well be that the ruble exchange rate is significant only as a matter of internal bookkeeping.

It is nevertheless the opinion of the American technical advisers that it is not feasible to exempt Russia from the requirement that any change in the ruble exchange rate must be subject to approval by the Fund in precisely the same way as for every other country. If, in fact, the Russian exchange rate does not affect the international economic position of Russia and other

- 6 -

countries, it may be presumed that the Fund will take the view that no harm is done in permitting a change in the ruble rate. It is, of course, necessary to provide that a change in the ruble exchange rate for internal bookkeeping purposes, as distinguished from international transactions, is possible within the terms of the Fund. This, the American technical advisers are prepared to recommend provided the Fund retains the power to approve or reject a proposed change in the exchange rate for the ruble.

7. Quotas and Voting Power

Several countries object to the close relationship between quotas and voting power. Russia believes that, in determining voting power, other considerations than those entering into the determination of quotas should be considered.

The Russians have taken the position that in determining voting power in the Fund consideration should be given to the international responsibility of the country. In particular, they feel that the United States, England, Russia, and China should each have at least ten per cent of the aggregate voting power regardless of their quotas.

The position of the American technical advisers has been that it is not feasible to separate voting power from quotas. Countries that contribute the resources to the Fund must have responsibility in the management of the Fund approximately in proportion to their participation. While it may be possible to give Russia nearly ten per cent of the votes (it should have ten per cent of the aggregate quotas) it is not possible to make provision for giving any other country either so large a proportion of the quotas or of the votes. It is probable that the Russian technical men will not press the point so far as China is concerned. They may insist that Russia have additional votes sufficient to raise its proportion of the total voting power to ten per cent.

8. Executive Committee

U.K. wishes voting power in the executive committee to be in the order of importance of the countries but not necessarily very closely related to their quotas.

It has been agreed that voting power in the Executive Committee as well as in the Board of Directors should be closely related to quotas. There is some difference of opinion between the American technical advisers and the British experts on the most appropriate means of apportioning voting power in the Executive Committee. The British experts have proposed that

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there be 100 votes in the Executive Committee of which 25 would be assigned to the United States, 20 to the United Kingdom, 15 to Russia, 10 to China, 10 to France, with 5 votes allotted to each of four elected members of the Executive Committee.

Such an arrangement would result in giving the United Kingdom, Russia, China, and France much greater voting power in the Executive Committee than their relative quotas. The American technical advisers recommend that the 5 permanent members of the Executive Committee (US, UK, Russia, China, and France) each cast the number of votes to which they are entitled on the basis of their quotas, and that the 6 elected members of the Executive Committee cast the votes by which they are elected. Such an arrangement would give the United States approximately 26 per cent of the votes, United Kingdom 14 per cent, Russia 10 per cent, China and France each 6 per cent, and the 6 elected directors about 6 per cent each of the aggregate votes. We have had no expression of opinion from the English experts on this proposal and we are, therefore, uncertain how they will feel.

9. Limit on the votes of one country

Mexico, Australia and Belgium believe that no member country should be permitted to have more than 20 or 25 per cent of the aggregate votes.

The Australians are particularly disturbed to see a preponderance of American voting power in the Fund. They have taken the view that no country should have a dominant voice in the determination of policy, and that the provision on voting power should restrict the votes of a country to approximately 20 per cent of the total. In particular they feel that no country should have enough votes to veto any proposal of the Fund. The Belgian view is somewhat similar to the Australian though perhaps not so extreme. The Mexican view is not so much related to a limitation on the voting power of any one country, as a desire to see the smaller countries participate more fully in the decisions of the Fund. The Mexicans feel that many matters to be considered by the Fund involve questions of sovereignty and that small countries have interests and responsibilities no less than large countries.

The American technical advisers feel that it is not desirable in principal to limit the votes of a country in connection with an international organization in which large resources are subscribed in different proportions. They believe that the U. S. must have sufficient votes to make sure that quotas cannot be changed in a manner detrimental to our interests and that no amendment to the Fund proposal can be

- 8 -

enacted without our approval. A minimum of 20 per cent of the votes would be necessary for this purpose and a larger percentage would be desirable. Under any circumstances, the United States cannot be put in a position of having less votes than the British Empire as a whole, and a limitation on the voting power of any one country might have this effect.

There is no doubt considerable merit in the position taken by the Mexican experts. Recognition should be given to the fact that countries have sovereign interests in some of the actions of the Fund. To meet this point the American technical advisers have concurred in the suggestion of the Mexican experts that suspension of membership from the Fund shall be voted only by the full board of directors and only on the basis of one vote for each country.

10. Voting on sale of exchange

The U.S. and Canada favor a provision under which the votes of creditor countries would be increased and the votes of the debtor countries would be decreased in voting on questions relating to the sale of exchange.

While there is no likelihood of a combination of debtor countries assuming control of the Fund and permitting liberal or generous use of its resources without adequate safeguards, it is the view of the Canadian experts and the American technical advisers that some provision should be made for decreasing the voting power of countries who are using their quotas in the Fund and increasing the voting powers of countries whose currencies are being sold by the Fund. The American technical advisers propose that for every \$2 million of net sale of a country's currency by the Fund its voting power be increased by one vote, and that for every \$2 million of net purchase of a country's currency by the Fund its voting power be decreased by one vote. The effect of such a provision would be to increase the votes of the United States and Canada, assuming them to be creditor countries, from a total of approximately 30 per cent on the basis of their subscriptions to a maximum total of 45 per cent if all of their initial currency subscriptions were sold by the Fund.

This question has been discussed with a few countries, including England, who has raised no serious objection to the provision. It is expected, nevertheless, that some of the smaller countries, and particularly Australia, will take a strong position against this provision.

11. Pressure on Creditor Countries

Many countries believe that more pressure should be put upon creditor countries, whose currencies have been declared in scarce supply, to secure an appropriate balance of payments.

A number of countries led by Australia, but not without some support from Canada and England, take the view that disequilibrium in the international balance of payments is as much the responsibility of the creditor countries as of the debtor countries.

The difficulty in such a contention, even if admitted, is in finding appropriate means of exerting pressure on the creditor countries. The American technical advisers believe that the Fund should be in a position to make recommendations to any member country, whether creditor or a debtor, on international economic policies necessary for the restoration of equilibrium in the balance of payments.

In the nature of things, the action taken by the Fund cannot be parallel for debtors and creditors. Debtor countries must apply to the Fund for the purchase of foreign exchange with which to meet their adverse balance of payments. Under the circumstances, the Fund is in a position to say to such countries that it will sell foreign exchange only if steps are taken to correct the maladjustment in their accounts, and only on terms and conditions that safeguard the interests of the Fund. Creditor countries are not in the position of applying to the Fund for the purchase of exchange. There is no sanction that the Fund can apply against such countries. The Fund must, therefore, rely solely on the force of its recommendations and on the strength of public opinion in supporting reasonable policies in creditor countries that will make possible the maintenance of international equilibrium.

12. Penalties

Some countries believe that if penalties are applied to debtor countries using the Fund, penalties should also be applied to creditor countries.

The American technical advisers will propose a system of graduated penalties on countries making use of the resources of the Fund. The objective of these penalties is to provide a deterrent on countries making excessive use of the Fund's resources for unreasonable periods of time. Penalties will be graduated according to the amount of the local currency holdings of the Fund and the period of time during which the Fund holds such currency. The penalty would rise from approximately 1 percent per annum to 4 or 5 percent per annum, when the Fund holds balances of local currency for periods of 3 or 4 years.

In the opinion of the American technical advisers, such penalties are essential to induce countries to make use of the Fund's resources in moderation and for as short a period as possible. Penalties, of course, would terminate as soon as a country repurchased its local currency from the Fund with gold.

The Canadians take the view that if such penalties are placed on debtor countries, then creditor countries who are equally responsible for disequilibrium should also be subject to penalties. There is no doubt that this position will be supported by Australia and by other countries. The American technical advisers are of the opinion that it is not feasible to provide any penalties against creditor countries. Penalties are not applied on the basis of disequilibrium, but on the use of the Fund's resources. The creditor countries are not users of such resources and they are passive in determining the amount of their resources made available by the Fund. The debtor countries are users of these resources and they should be induced to restore the Fund's position in their currencies by applying penalties on the excessive holdings of their currencies. For greater effect, such penalties should rise as the amount is increased and as the period during which the currency is held by the Fund is extended.

13. Silver

Mexico wishes to make provision for the partial substitution of silver for gold in the subscriptions to the Fund.

Mexican technical experts have made the point that silver is predominantly the metal produced in the Western Hemisphere, that it is highly regarded as a money metal by a large part of the population of the world, and that silver should be given some place in the Fund by providing for the joint use of gold and silver in subscriptions to the Fund and in the purchase of exchange from the Fund. The Mexican experts are less concerned about the proportions in which gold and silver are used and the relative values at which they are used, than with the principle that some use of silver should be made in the Fund.

The American technical advisers have put this question to the experts of the United Nations with whom they have discussed the Fund proposal. Except in the case of Bolivia, there appears to be no support whatever for the Mexican proposal. It is known that the Mexican experts will propose at the conference that the Fund give consideration to the appropriate position of silver in the monetary structure of the world and that it recommend measures for this purpose.

QUESTIONS AT ISSUE ON THE BANK

1. A number of countries wish to have the Bank make loans in gold for currency reserves.

The technical experts of China, Czechoslovakia, and a number of other countries have suggested that the reconstruction of their monetary systems after the war would be facilitated if they could secure loans in gold to be retained by their Treasuries or Central Banks as currency reserves. In many countries confidence in the currency would be considerably strengthened by the holding of such reserves. The point is made that loans for this purpose are as essential to reconstruction as loans for acquiring equipment for industry.

The American technical advisers have recognized that there is some merit in this contention. There can be no doubt that in many countries, the securing of a loan for currency purposes and the holding of reserves of gold would give the public greater confidence in the currency system. It is, nevertheless, questionable whether with the great need for reconstruction loans, it would be wise from the point of view of such countries to tie up needed resources of gold and foreign exchange in the form of such unused reserves.

Furthermore, it should be noted that the International Monetary Fund is designed to secure public confidence in currency systems through the establishment of a permanent institution for international monetary cooperation whose purposes are to provide stable and orderly exchange rates. Where foreign exchange resources are actually needed for use in meeting adverse balances on current account, and only to the extent that they are needed, the International Monetary Fund would be in a position to provide such resources under conditions that safeguard the Fund.

The establishment of the Fund and the provision of foreign exchange resources in this manner is the most economical and most efficient method of securing public confidence in the

- 2 -

stability of exchange rates. For this reason, the American technical advisers are of the opinion that it would be desirable to avoid loans of this character through the Bank for Reconstruction and Development. Obviously there is no limitation on any country's securing loans for currency purposes in private markets.

2. Several occupied countries wish to have the Bank make loans for procurement of stocks of essential materials and inventories depleted during the war or destroyed by enemy action.

It is quite clear that the economy of a country cannot function effectively without the necessary raw materials. In many of the occupied countries basic working stocks of materials have been used up during the war or have been seized or destroyed by the enemy. Any program for reconstruction must include the restocking of raw materials and inventories for industry. In some cases, governments are already using their own resources for this purpose, building up stocks of such goods in neutral countries and in the United Nations. Some countries such as Czechoslovakia may not have independent resources for this purpose.

Under any circumstances, there will be industrial enterprises in some countries whose plant and equipment are still in working order, but who will need loans for raw materials. The obvious need for providing such essential materials and inventories leads the American technical advisers to the belief that it would be desirable in some instances to provide loans of this character. Such loans should be exclusively for basic stocks of materials, and not to meet the seasonal needs which are properly a matter of short-term financing by commercial banks. If loans of this character are made, they should be carefully safeguarded from abuse and should be extremely limited in amount.

3. Several of the Latin-American representatives wish to have the Bank authorized to make loans for agricultural development.

If the Bank is to fulfill its function of providing capital for reconstruction and development, it must be prepared to provide

- 3 -

for agricultural development as well as industrial development. In many countries, particularly the Latin-American Republics, the most promising means for the development of their natural resources is in the extension of scientific agriculture. From the point of view of the great industrial countries, the lending countries, the development of resources of raw materials is fully as important in the growth of their international trade as development of industrial projects.

It should be clear, however, that loans of this character are not to be of the type commonly thought of as loans for encouraging and financing farm ownership. The loans should be for the development of agricultural production. What should be included in agricultural development is the reclamation of farm lands, irrigation projects, the provision of public utility facilities in rural areas, and similar projects related to agricultural production rather than the encouragement of farm ownership.

4. Several Latin-American countries favor having the Bank make local currency loans.

In a number of Latin-American Republics the facilities for raising capital locally are entirely inadequate. The greater part of capital available for lending goes into mortgages on real estate at relatively high rates of interest. Funds are not generally available in adequate amount for investment in industrial projects. For this reason, a number of countries have taken the view that the Bank should make loans in local currencies for development purposes. This would be done by lending the local currency holdings of the Bank, or by guaranteeing foreign loans the proceeds of which would be sold for local currency.

The United States technical advisers hold to the view that it is not desirable for a country to incur foreign exchange obligations merely for the purpose of securing local funds. Such loans burden the balance of payments of the borrowing countries and are a needless drain on the accruing foreign exchange resources of the countries in meeting interest obligations.

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The Bank is intended to encourage genuine international investment, where the loan funds are spent abroad for capital and equipment for productive projects in the borrowing countries. It is not designed to encourage borrowing abroad for purposes of spending at home. However, in exceptional cases, where local currency is needed for the domestic part of a project involving international investment, the Bank could reasonably be expected to provide the local funds if they cannot be obtained locally at reasonable rates of interest.

5. Some of the occupied countries favor a reduction of capital subscription for countries that have suffered substantial damage from enemy action or occupation.

As with the International Monetary Fund, the technical experts of Russia have stated very strongly the case in favor of reduction of subscriptions for countries that have suffered from enemy action or occupation. They hold that the needs of such countries during the post-war period will be so great that they cannot commit any considerable amount of their resources to subscriptions to the Bank. The Russian experts favor a reduction in the subscriptions required of occupied countries without a corresponding reduction in their votes. Other invaded countries, including Russia, wish to have a reduction in the gold portion of the initial payment of the subscription, perhaps by as much as twenty-five or fifty per cent.

In discussions with the technical experts of other countries, the United States technical advisers have taken the view that no hardship is suffered by any occupied country in subscribing to the Bank. If the country finds that it has no resources available for investment, its subscription to the Bank will not be used directly for foreign loans. The greater part of the subscriptions, perhaps as much as eighty per cent, will be retained in the form of capital reserved for meeting guarantees of the Bank. The portion of the subscribed capital paid in national currencies cannot be loaned by the Bank except with the consent of member countries. Except for the gold subscription, which is relatively small, a country does not surrender any foreign exchange resources in subscribing to the Bank.

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The principal obligation of members is the assumption of liability to contribute funds up to the amount of the subscription to meet defaults on loans guaranteed by the Bank. Since such calls would be for relatively small amounts in any given year, they are not likely to put pressure on member countries until some considerable time after the period of reconstruction. Even then only relatively small sums might be needed in any one year.

6. The United Kingdom favors the calling in of only a small proportion of the capital subscription.

Under the proposal for a Bank presented by the United States technical advisers, it was provided that an initial payment of 20 percent be made on the capital subscription. The remainder of the subscribed capital was to be called as needed by the Bank. It was intended, however, that the greater part of the uncalled portion of the subscribed capital be reserved as a surety fund to meet the obligations of the Bank on securities guaranteed or issued by the Bank. The published proposal for the Bank provided that the initial payment of 20 per cent on capital would be used for loans made by the Bank where funds cannot be secured from private investors on reasonable terms. If additional funds, beyond the initial payment on capital, should be needed for direct loans it would be possible to raise such funds by having the Bank issue its own securities or by calling in part of the unpaid capital.

The British technical experts favor the limitation of the direct lending of subscribed capital to a maximum of 20 percent which would be called as the initial payment on the capital subscription. The remainder of the capital subscription would not be called to provide funds for direct loans, but would be regarded as unconditionally committed to meeting the obligations of the Bank on securities it issues or guarantees. If it becomes necessary to draw on the capital to meet such obligations, each subscribing country would meet a uniform proportion of its unpaid subscription in the form of gold or freely transferable exchange.

In the opinion of the United States technical advisers the difference between the American proposal and the British proposal is a minor one. Investors in securities guaranteed by the

- 6 -

Bank must be given the assurance of a limitation on the use of the subscribed capital of the Bank for direct loans. It is a matter of opinion whether the limit should be the amount of the initial payment of 20 per cent of the subscribed capital, or some other amount. There is no fundamental objection to placing this limit at 20 per cent of the capital.

7. A number of countries favor authorizing the Bank to invest a part of its capital in equity securities.

The proposal presented by the United States technical advisers provides that a small portion of the capital payment may be used in the purchase of equity securities. The purpose of this provision is to encourage the use of equities in international investment in order not to burden the balance of payments of member countries with fixed security obligations. The assumption is that there may be occasions when the participation of the Bank in the purchase of a moderate amount of equity securities would make possible the flotation of considerably larger issues. A number of Latin-American Republics have favored this proposal and, in fact, the original proposal was included partly because of this preference of the Latin-American technicians.

While recognizing the desirability of the purpose, it is questionable whether the Bank should utilize any of its resources in this manner. As the owner of equity securities, the Bank would in effect be participating in the management of enterprises. In the nature of things, such ownership would involve the Bank in national tax problems, transportation problems, labor problems, and similar questions. It would seem desirable for the Bank to avoid any type of operation which might bring it in conflict with member countries.

For this reason, the American technical representatives are now of the opinion that it would be preferable not to provide for investment in equity securities. If anything can be done by the Bank to encourage investment in equity securities, it should be done by providing for the registration of equity securities under guarantee of the government of the country concerned that the earnings on such securities will be transferred free of exchange restrictions to the country in which the securities were originally issued.

- 7 -

8. A number of countries feel that the proceeds of any loan guaranteed or made by the Bank should be free exchange available to the borrower for expenditure in any market.

The proposal of the United States technical advisers contains the provision that the Bank will impose no conditions as to the particular member country in which a loan will be spent. On loans made by the Bank, it would provide the funds in the currencies needed by the borrower in connection with the loan. That is to say, the Bank would not restrict borrowers by requiring them to spend the proceeds of their loans in the United States, in the United Kingdom or any other country. Instead, the Bank would provide dollars for expenditures in the United States, sterling for expenditures in England, and the appropriate currencies for expenditures in other countries. On loans guaranteed by the Bank, the proceeds of the loan in the currency in which it is made would be available for expenditure by the borrower in whatever market can supply the needed capital goods. Since the currency in which the loan is made is determined by the capital market and the Bank acts simply as guarantor, there is no problem of providing the funds suitable for the country in which the loan is to be spent.

The United Kingdom experts believe that loans made by the Bank should be provided in free exchange which may be spent in any country, regardless of the currency in which the loan is made. That is to say, a country might borrow dollars from the Bank and use these dollars in the foreign exchange markets to purchase sterling, guilders, francs or other currencies.

In the opinion of the United States technical advisers, it is not feasible to provide this type of arrangement. Since no loan can be made by the Bank without the approval of a country whose currency is lent, a loan of dollars for this purpose would require the approval of the United States, and a loan of sterling would require the approval of the United Kingdom. Under the circumstances, it is quite likely that regardless of the provision that the Bank would impose no conditions upon the use of loans it makes, it is quite conceivable that the United States would make the granting of loans in dollars or the United Kingdom

- 8 -

would make the granting of loans in sterling conditional upon the expenditure of the funds in their own countries. It is better to recognize this fact and to permit the Bank to provide the currencies of the countries in which the loan will be spent.

9. The United Kingdom representatives favor a single flat-rate guarantee fee and want the guarantee fees retained as reserves to meet losses on guaranteed loans.

The guarantee fees received by the Bank are obviously not income to be distributed among the participating countries. The guarantee fees are intended to be used to meet the losses on loans guaranteed by the Bank. The United States technical advisers have themselves proposed that all of the guarantee fees, and 1 per cent out of the interest on direct loans, be placed in a reserve account to meet losses on loans made or guaranteed by the Bank. When the guarantee fees have resulted in the accumulation of a reasonable reserve, say 25 per cent of the outstanding loans, further payments on guarantee fees may be considered as income.

In the opinion of the United States technical advisers, it would be most desirable to adjust the guarantee fee to the credit of the borrower and to the extent of the guarantee. It may be that partial guarantees will not prove attractive to private investors and that the Bank will be compelled to make full guarantees in connection with loans. Further, it may not be possible for the Bank to differentiate in the guarantee fee charged to member countries. Even this is not disadvantageous, since it would have the effect of compelling countries to whom the guarantee fees seem excessive to resort to the market without the guarantee of the Bank. If a uniform guarantee fee is established, it is believed that a fee of 1 per cent on the original capital would be reasonable.



DEPARTMENT OF STATE
WASHINGTON

In reply refer to
IC 800.515/

June 28, 1944.

My dear Mr. Secretary:

Reference is made to your designation by the President as Chairman of the Delegation of the Government of the United States to the United Nations Monetary and Financial Conference, which will convene at Bretton Woods, New Hampshire, beginning July 1, 1944.

Funds are available to the Department to defray your transportation expenses from Washington to Bretton Woods and return, and to provide you with a per diem in lieu of subsistence of six dollars (\$6.00) for travel between Washington and Bretton Woods, and a per diem of seventeen dollars and fifty cents (\$17.50) while in residence at Bretton Woods. The change in the per diem rate will be effective at the beginning of the quarter of the day in which you enter upon residence at one of the conference hotels and at the end of the quarter in which you leave the hotel to resume conference travel status or to proceed on other business. You will also be allowed taxi fares at locally established rates to and from your residence or office in Washington, and from the station to the conference hotel and return.

Upon the completion of your official duties in connection with the above-mentioned Conference, you are requested to submit to the Department of State a memorandum of your expenditures under this authorization. A voucher will then be prepared and submitted to

you

The Honorable
Henry Morgenthau, Jr.,
Secretary of the Treasury.

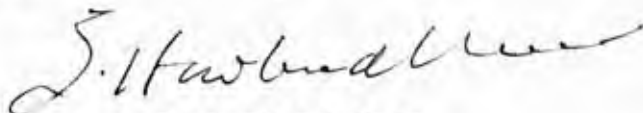


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you for signature and return to this Department, whence it will be put into the proper channel for audit and payment. The charge will be against the appropriation "Authorization No. 103, 1944."

Sincerely yours,

For the Secretary of State:



G. Howland Shaw
Assistant Secretary



OFFICE OF THE DIRECTOR

TREASURY DEPARTMENT
PROCUREMENT DIVISION
WASHINGTON 25



June 28, 1944

SECRET

MEMORANDUM TO THE SECRETARY:

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

Requisitions have been received from the U.S.S.R. for 92 Diesel Generating Units which will produce 38,820 KW at an approximate cost of \$4,922,000.00, including spares.

A. J. Walsh
Deputy Director of Procurement

ant

Attachment

LEND-LEASE
 TREASURY DEPARTMENT, PROCUREMENT DIVISION
 STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
 DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS
 AS OF JUNE 21, 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	\$4786.0 (4785.8)	\$2314.4 (2314.4)	\$1882.3 (1882.3)	\$133.9 (133.9)	\$12.7 (12.7)	\$442.7 (442.5)
Requisitions in Purchase	\$ 108.6 (130.8)	\$ 22.4 (27.6)	\$ 38.0 (53.5)	\$.2 (.2)	- -	\$ 48.0 (49.5)
Requisitions not Cleared by W. P. B.	\$ 95.6 (80.5)	\$ 31.5 (30.7)	\$ 48.9 (39.8)	\$.1 (.2)	- -	\$ 15.1 (9.8)
Obligations (Purchases)	\$3684.3 (3659.0)	\$1904.2 (1900.3)	\$1467.5 (1451.5)	\$ 62.7 (63.0)	\$12.2 (12.1)	\$237.7 (232.1)
Deliveries to Foreign Governments at U. S. Ports*	\$2131.1 (2113.2)	\$1329.1 (1315.3)	\$ 734.9 (731.5)	\$ 23.7 (23.7)	- -	\$ 43.4 (42.7)

*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 June 14, 1944.

EXPLANATION OF DIFFERENCE

The decrease in Obligations for China is a result of the cancellation of a contract in the amount of \$342,277.27.

FEDERAL RESERVE BANK
of New YorkC
O
P
Y

June 28, 1944.

CONFIDENTIALDear Mr. Secretary: Attention: Mr. H. D. White

I am enclosing our compilation for the week ended June 21, 1944, showing dollar disbursements out of the British Empire and French accounts at this bank and the means by which these expenditures were financed.

Very truly yours,

(Signed) L. W. Knoke

L. W. Knoke,
Vice President.

The Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington 25, D. C.

Enc.

ANALYSIS OF BRITISH AND FRENCH ACCOUNTS
(In Billions of Dollars)

Week Ended June 21, 1944 Strictly Confidential

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)										BANK OF FRANCE			
	DEBITS				CREDITS						Net Incr. (+) or Decr. (-) in \$ Funds (d)	Total Debits (e)	Total Credits (e)	Net. Incr. (+) or Decr. (-) in \$ Funds (d)
	Total Debits	Govt Expend- itures (c)	Transfers to Official Canadian Account	Other Debits	Total Credits	Proceeds of Sales of Gold		Securities (Official) (b)	Transfers Official Australian Account	Other Credits (c)				
1939 year of war (a)	1,792.3	602.6	20.9	1,166.7	1,826.2	1,356.1	52.0	3.9	416.2	+ 35.0	866.3(f)	1,095.3(f)	+ 299.0	
Year passed through January, 1940	2,782.3	1,425.6	20.9	1,335.8	2,793.1	2,109.5	108.0	14.5	561.1	+ 10.8	678.3	1,098.4	+ 220.1	
1940 year of war (h)	2,303.0	1,792.2	3.4	497.4	2,189.8	1,193.7	274.0	16.7	705.4	- 13.2	38.9	8.8	- 30.1	
1941 year of war (i)	1,334.6	904.8	7.7	223.1	1,361.5	21.8	5.5	57.4	1,276.8	+ 125.9	18.5	4.4	- 14.1	
1942 year of war (j)	764.0	312.7	170.4	280.9	1,072.3	-	0.5	155.1	916.7	+ 308.3	10.3	1.0	- 9.3	
1943														
September	49.4	16.8	10.6	22.0	86.2	-	-	15.0	71.2	+ 36.8	-	-	-	
October	38.2	16.0	-	22.2	115.4	-	-	40.5	74.9	+ 77.2	-	-	-	
November	65.9	42.6	5.9	17.6	89.0	-	-	3.5	85.5	+ 23.1	-	-	-	
December	98.1	16.3	-	81.8	134.5	-	-	36.5	98.0	+ 36.4	-	-	-	
1944														
January	44.6	22.2	10.6	12.0	127.5	-	-	1.0	126.5	+ 62.7	-	-	-	
February	143.8	14.3	2.1	127.4	144.5	-	-	29.0	115.5	+ 0.7	-	-	-	
March	152.9	71.1	12.5	69.3	133.3	-	-	24.5	108.8	- 19.6	-	-	-	
April	134.8	14.9	-	119.9	122.2	-	-	27.5	94.7	- 12.6	-	-	-	
May	125.1	28.8	8.1	88.2	164.7	-	-	37.0	127.7	+ 39.6	-	-	-	
June														
1944														
Account														
Week Ended														
Mar 31, 1944	12.9	6.0	-	6.9	13.1	-	-	1.0	12.1	+ 0.2	-	-	-	
June 7, 1944	59.0	5.4	-	53.4	14.6	-	-	9.0	5.6	- 44.4	-	-	-	
June 14, 1944	13.5	4.4	-	9.1	12.1	-	-	-	12.1	- 1.4	-	-	-	
June 21, 1944	10.2	7.8	-	2.4	56.1(k)	-	-	12.0	44.1(k)	+ 45.9	-	-	-	

Weekly Expenditures Since Outbreak of War
 France (through June 19, 1940) \$9.6 million
 England (through June 19, 1940) \$27.6 million
 England (through June 20, 1940 to March 12, 1941) \$54.9 million
 England (since March 12, 1941) 21.3 million

See attached sheet for footnotes.

- (a) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (b) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the proceeds of official British sales of American securities, including those effected through direct negotiation. In addition to the official selling, substantial liquidation of securities for private British account occurred, particularly during the early months of the war, although the receipt of the proceeds at this Bank cannot be identified with any accuracy. According to data supplied by the British Treasury and released by Secretary Morgenthau, total official and private British liquidation of our securities through December, 1940 amounted to \$334 million.
- (c) Includes about \$65 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the requisitioning of private dollar balances. Other large transfers from such accounts since October, 1939 apparently represent current acquisitions of proceeds of exports from the sterling area and other accruing dollar receipts. See (k) below.
- (d) Reflects net change in all dollar holdings payable on demand or maturing in one year.
- (e) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (f) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (g) For monthly breakdown see tabulations prior to April 23, 1941.
- (h) For monthly breakdown see tabulations prior to October 8, 1941.
- (i) For monthly breakdown see tabulations prior to October 14, 1942.
- (j) For monthly breakdown see tabulations prior to September 29, 1943.
- (k) Includes \$ 3.5 million apparently representing current and accumulated dollar proceeds of sterling area services merchandise exports, and \$ 37.9 million in connection with the expenses of our armed forces abroad.

ANALYSIS OF CANADIAN AND AUSTRALIAN ACCOUNTS
(In Millions of Dollars)

Week Ended June 21, 1944

Strictly
Confidential

PERIOD	BANK OF CANADA (and Canadian Government)								COMMONWEALTH BANK OF AUSTRALIA (and Australian Government)								
	DEBITS			CREDITS					Net Incr. (+) or Decr. (-) in \$Runds(e)	DEBITS			CREDITS				
	Total Debits	Transfers to Official British A/C	Others Debits	Total Credits	Proceeds of Gold Sales	Transfers from Official British A/C	Other Credits	Total Debits		Transfers to Official British A/C	Other Debits	Total Credits	Proceeds of Gold Sales	Other Credits	Net Incr. (+) or Decr. (-) in \$Runds (e)		
First year of war (a)	323.0	16.6	306.4	504.7	412.7	20.9	38.7	32.4	+ 181.7	31.2	3.9	27.3	36.1	30.0	6.1	+ 4.9	
War period through December, 1940	477.2	16.6	460.6	707.4	534.8	20.9	110.7	41.0	+ 230.2	57.9	14.5	43.4	62.4	50.1	12.3	+ 4.5	
Second year of war (b)	460.4	-	460.4	462.0	246.2	3.4	123.9	88.5	+ 1.6	72.2	16.7	55.5	81.2	62.9	18.3	+ 9.0	
Third year of war (c)	525.8	0.3	525.5	566.3	198.6	7.7	-	360.0	+ 40.5	107.2	57.4	49.8	112.2	17.2	95.0	- 5.0	
Fourth year of war (d)	723.6	-	723.6	958.8	47.1	170.4	-	741.3	+ 235.2	197.0	155.1	41.9	200.4	-	200.4	+ 3.4	
1943																	
September	47.2	-	47.2	70.1	-	10.6	-	59.5	+ 22.9	16.8	15.0	1.8	20.0	-	20.0	+ 3.2	
October	32.1	-	32.1	71.3	-	-	-	71.3	+ 39.2	42.8	40.5	2.3	25.5	-	25.5	- 16.3	
November	15.4	0.1	15.3	95.1	-	5.9	-	89.2	+ 79.7	6.6	3.5	3.1	18.2	-	18.2	+ 11.6	
December	146.8	0.3	146.5	55.1	-	-	-	55.1	- 91.7	39.7	36.5	3.2	27.0	-	27.0	- 12.7	
1944																	
January	32.3	-	32.3	78.5	-	10.6	-	67.9	+ 46.2	6.0	1.0	5.0	11.3	-	11.3	+ 5.3	
February	25.4	-	25.4	110.5	23.1	2.1	-	93.3	+ 93.1	31.3	29.0	2.3	28.6	-	28.6	- 2.7	
March	30.3	0.5	29.8	89.6	15.0	12.5	-	61.1	+ 58.3	27.6	24.5	3.1	29.9	-	29.9	+ 2.3	
April	183.6	-	183.6	96.7	-	-	-	96.7	- 86.9	29.5	27.5	2.0	29.4	-	29.4	+ 0.9	
May	154.2	-	154.2	86.3	-	8.1	-	78.2	- 67.9	42.6	37.0	5.6	39.6	-	39.6	- 3.0	
June																	
July																	
August																	
Bank Ended																	
May 31, 1944	8.7	-	8.7	9.9	-	-	-	9.9	+ 1.2	1.0	1.0	-	3.3	-	3.3	+ 2.3	
June 7, 1944	6.4	-	6.4	26.3	-	-	-	26.3	+ 19.9	10.5	9.0	1.5	0.4	-	0.4	- 10.1	
June 14, 1944	7.4	-	7.4	11.3	-	-	-	11.3	+ 3.9	1.8	-	1.6	16.1	-	16.1	+ 14.5	
June 21, 1944	3.5(f)	-	3.5(f)	12.1(f)	-	-	-	12.1(g)	+ 8.6	12.0	12.0	-	5.3(h)	-	5.3(h)	- 6.7	

Average Weekly expenditures for

First year of war 6.2 million.
 Second year of war 8.9 million.
 Third year of war 10.1 million.
 Fourth year of war 13.9 million.
 Fifth year of war (through June 21, 1944.) 16.3 million.

- (a) For monthly breakdown see tabulations prior to April 23, 1941.
 (b) For monthly breakdown see tabulations prior to October 8, 1941.
 (c) For monthly breakdown see tabulations prior to October 14, 1942.
 (d) For monthly breakdown see tabulations prior to September 29, 1943.
 (e) Reflects changes in all dollar holdings payable on demand or maturing in one year.
 (f) Does not reflect transactions in short term U. S. securities.
 (g) Includes \$ 3.5 million deposited by War Supplies, Ltd.
 and \$ 8.9 million received from New York account of Canadian Chartered Bank.
 (h) Includes \$ 5.0 million in connection with the expenses of our armed forces abroad.

June 28, 1944

My dear Mr. President:

In accordance with your wishes,
I am returning herewith, for your files,
the letter dated April 19 from Dr. Kung,
which you asked me to read.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

The President,
The White House.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 22, 1944

TO Secretary Morgenthau
FROM Mr. Glasser
Subject: Meeting with Ambassador Wei

It is suggested that the following be told to Ambassador Wei:

1. The proposals contained in Dr. Kung's Aide-Memoire are being given very careful consideration and study.

2. The Treasury has cabled Dr. Kung that when he arrives in the United States the proposals can be discussed here.

3. It is hoped that by the time Dr. Kung arrives here our views on his proposals will have matured.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE June 19, 1944

TO Secretary Morgenthau

FROM Mr. Glasser *H.G.*

Subject: Summary of letter from Dr. Kung dated April 19, 1944 to President Roosevelt.

The central theme of this letter from Dr. Kung is one with which the Treasury is very well acquainted. Thus, Dr. Kung urges that to alter the official exchange rate of US\$1 to CN\$20 to serve as the basis for calculating the magnitude of U. S. military expenditures in China would have serious economic consequences for China.

Among the familiar points made by Dr. Kung are the following:

- (a) China is no longer requesting a \$1 billion loan;
- (b) China has had to conduct her war effort with less aid in the form of materials and supplies than any major member of the United Nations;
- (c) Expenditures on behalf of the American Army in China dangerously accelerate the course of Chinese inflation.

Treasury Department
Division of Monetary Research

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○ Date June 16, 1944

To: Mr. D. W. Bell

From: Mr. Glasser

I assume you will arrange for return
to the White House after reading.

Mrs. Klotz

DMR

6
THE WHITE HOUSE
WASHINGTON

June 12, 1944.

MEMORANDUM FOR

HON. HENRY MORGENTHAU, JR.

TO READ AND RETURN FOR MY
FILE.

F.D.R.

128

國民政府行政院
THE EXECUTIVE YUAN.
NATIONAL GOVERNMENT.
CHINA.

Handwritten notes:
72 M 2
To [unclear]
[unclear]

Private & Confidential

Chungking, April 19, 1944.

The Honorable Franklin D. Roosevelt,
President of the United States,
The White House,
Washington, D.C., U.S.A.

Dear Mr. President,

I am taking the opportunity of Ambassador Wei's return to the United States to send you my warmest personal greetings. I would also like to thank you for your kind invitation to me to visit your country. Although circumstances and the pressure of urgent duties unfortunately prevent me from leaving, I do hope that the day will soon come when I shall be able to do so.

I was very glad to hear from President and Madame Chiang on their return from Cairo of your great desire to assist us in the solution of our current problems. Therefore, it would not be amiss to bring you au courant with respect to current economic and financial developments in China. Dr. Wei is supplied with detailed information which he will be glad to provide in order to supplement this letter. It is no exaggeration to state frankly that, in the economic and financial sphere, China is experiencing its most difficult year since the beginning of the war. The seven years of uninterrupted warfare with its attendant devastation, blockade and growing financial burden have taken their toll. As you are certainly aware the National Government, under the leadership of President Chiang, are doing everything within their power

國民政府行政院
THE EXECUTIVE YUAN.
NATIONAL GOVERNMENT.
CHINA

- 2 -

to intensify the common war effort. But our financial and economic problems are increasing in acuteness.

Had our position been less unfavorable, we should have gladly undertaken the burden of financing all United States Army expenditures in China as a voluntary contribution to the United Nations' war effort. As it is, the activities of the United States Army in the China Theatre, important and indispensable as they are for intensifying our war effort, are dangerously accelerating our inflation. To date we have appropriated over 17 billion Yuan for airfields and other military outlays for the American Army, of which 10 billion, a sum equivalent to the US\$500 million loan which was extended to us in 1942, was paid by February. I am appending a detailed list of such expenditures for your reference. The mere provision of currency notes for U.S. Army expenditures has exhausted our currency reserves in China and used up all notes shipped in from India. In order to keep the U.S. Army supplied with notes so that their activities can continue without interruption, we are compelled to restrict temporarily cash outpayments by the banks for commercial and industrial purposes pending the further arrival of new supplies of notes from America by air.

In order not to impair seriously China's effectiveness in the common war effort, it is essential that confidence in our currency be maintained. An essential precondition for the con-

國民政府行政院
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tinuation of confidence in our currency is the maintenance of a minimum reserve of foreign exchange, gold or silver, against our currency. It would be most dangerous for us to continue to issue currency notes to cover current U.S. Army requirements without a minimum replenishment of such reserves. Unfortunately, this obvious consideration appears to have been overlooked by some who apparently feel that we should provide the U.S. Army Yuan currency on terms which would involve an actual rate of 100 Yuan to 1 U.S. dollar. Such a course amounts to a depreciation of the external value of our currency by 500 percent and would be fatal to us in our present predicament.

Those who urge for a further depreciation of our currency were obviously misled by the comparatively high price commanded by U.S. dollar notes in the black market. It is important, however, to grasp the fact that the supply for U.S. dollar notes in the black market is very small and that the chief demand is created by the hoarders and speculators who smuggled U.S. dollar notes to Shanghai and by smugglers in China who find it profitable to acquire U.S. dollar notes even at high prices for the purpose of taking to India to buy rupees in order to bring contraband goods and gold from India. Thus the price the U.S. dollar notes command in the black market is fictitious and cannot be regarded as true indicator of the external value of Chinese currency. The Chinese Yuan was worth about 30 cents U.S. currency at the outbreak of

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the war in 1937. We maintained that free market rate at considerable sacrifice until March, 1938. Since then, it has gradually depreciated until the Stabilization Board of China fixed the rate at about 5 cents in August, 1941. Since the basic idea behind the plan for a United Nations' Monetary Conference which is being prepared under the leadership of the United States Treasury, is sound money, I am sure you appreciate our reluctance in taking steps to further depreciate our currency. I have explained in detail in my messages to Secretary Morgenthau dated January 6 and February 25, about which I presume you were informed, the reasons for not changing our exchange rate. The psychological effect along of such a drastic revision of the exchange rate as some contemplate would be very serious and would, of necessity, lead to an upward revision of internal prices and serious loss of confidence in the Yuan.

It is not generally realized and we do not wish it to be known that China has had to conduct her war effort with less aid in the form of materials and supplies than any major member of the United Nations, and this in spite of the fact that she is confronted with difficulties such as beset the path of no other belligerent country. The powers of endurance of the Chinese people have proven themselves under the tremendous strain of the seven long years of war. Since, according to this year's budget, nearly 50% of the expenditures is already covered by taxation,

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the National Government is extremely anxious to avoid taxing these sacrificial powers beyond endurance, for the consequences might be disastrous both to China herself and to the United Nations as a whole. We had all been hoping for the removal of the blockade of China some time in 1944. Now that appears to be a remote contingency. If the present economic and financial difficulties continue and if we take steps that would drastically depreciate our currency, thus bringing about further inflation, the consequences may be grim indeed.

We are not making any request for a new loan because we are well aware of the difficulties that may beset the path for the granting of a loan at the present time. We are exerting our utmost to do our share in facilitating the activities of the U.S. Army in China by providing land for the construction of airfields and by advancing large sums for the payment of construction and other activities. As you have kindly informed President Chiang, the United States, in order to cover all of its military expenditures in China, including such maintenance as well as construction, is prepared to place to China's account the U.S. dollar equivalent of any Chinese funds made available under general arrangement with U.S. representatives in China. The only difficulty that prevents us from reaching a complete understanding with respect to this matter is the rate of conversion. On account of this difficulty, except for the US\$25 million paid in

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- 6 -

March, none of the rest of the U.S. dollar counter-part of the billions advanced by China has yet been turned over to China. Since, for reasons stated above, we cannot depreciate our currency further without seriously jeopardizing our currency position, we have been trying to find other ways of solving the problem. Some time ago, we have informed your Government our agreement to the U.S. proposed arrangement for Reverse Lend-Lease and I hope the arrangement will soon be carried out. I am sure you will agree with me that this whole matter is not a subject for bargaining. We have already fought shoulder to shoulder for over two years. We have shared considerable sacrifices and, it appears to me, we should each contribute according to our capacity for the common victory.

It was with great pleasure that I learned of Vice-President Wallace's forthcoming visit to China in which event I am sure he will become fully acquainted with China's war effort and the problems incidental thereto. We welcome such interchange of visits as a valuable means of exchanging mutual information and understanding between the Allies and also hope that some day in the not too distant future Mrs. Roosevelt will allow us to repay the hospitality so generously extended to Madame Chiang by you and your people.

With best personal regards,

Yours sincerely,


H. H. Kung

Table of Total Payments Made by the Chinese
Government at the Request of the United
States Army Authorities (From September, 1942
to April 19, 1944).

A) Paid out by the National Treasury,
Ministry of Finance.

1.- For construction of airfields.	Yuan 8,018,932,286.25
2.- For construction of barracks for Composite Wing in Air Force.	355,580,500.00
3.- For War Area Service Corps expen- ditures (mostly board and lodging for U.S. Air Force in China).	1,483,407,953.78
4.- For transport of U.S. Air Force supplies.	404,442,917.92
5.- For the improvement of roads at specific request of U.S. Army authorities.	<u>615,896,800.00</u>
<u>Total</u>	Yuan 10,878,260,457.95

B) Advanced by the Central Bank.

1.- Advanced for the construction of air bases:-

(a)	March 11, 1944	Yuan 1,743,000,000.00
(b)	April 7, 1944	1,000,000,000.00
(c)	April 14, 1944	1,503,000,000.00
(d)	April 19, 1944	<u>520,000,000.00</u>

2.- Advanced for the account of the U.S. Army:-

(a)	February 10, 1944	Yuan 1,000,000,000.00
(b)	March 6, 1944	1,000,000,000.00
(c)	April 15, 1944	<u>250,000,000.00</u>
	<u>Total</u>	Yuan 7,016,000,000.00

GRAND TOTAL --- Yuan 17,894,260,457.25

28

JUN 28 1944

Dear M. Mendes-France:

I have your letter of June 15, 1944, and note your regret concerning the unfortunate statements that have been given wide publicity concerning the supplementary French franc currency. Permit me to assure you of my desire that our future discussions will proceed in the same spirit of understanding that marked our previous discussions.

Sincerely,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

M. Mendes-France,
Le Commissaire aux Finances,
Comite Francais de la Liberation Nationale,
Algiers, Algeria.

COMITÉ FRANÇAIS
DE LA
LIBÉRATION NATIONALE

Commissariat aux Finances

RÉPUBLIQUE FRANÇAISE

ALGER, LE 15th June 1944

10 copies

A RAPPELER

Dear Mr. Morgenthau,

I have just been informed of the statement made on June 13th. by President Roosevelt, concerning the military currency issued in the liberated French territories.

Bearing above all in mind the better mutual relations between our two countries, I have no intention to start or pursue a public discussion on the subject, as it could only be harmful in the hour when the battle for the liberation of France is under way. But I feel it my duty to address you a personal letter, as you have shown in our last month talks such spirits of understanding and so great a friendship to my country.

We had been informed of your intention to use in France military notes. You have submitted to us, several months ago, samples of this note, and up to a small extent, you have modified its aspects following our protests. However we still disagreed on the matter of the issuing authority.

The reason for our representatives to take part in discussions on the technical ways, was our certitude that a political agreement would intervene before the landing. It seemed impossible for us to imagine that the Allied Governments would land troops in France without an accord with the only Authority that has been the leader of French resistance inside and outside the country.

Mr. Henry MORGENTHAU Jr.
Secretary of the Treasury
WASHINGTON D.C.

COMITE FRANÇAIS DE LA LIBERATION NATIONALE

LETTRE N°

DU

194

SUITE N° 1

During my recent visit to the United States, I had the opportunity to discuss these questions only rather briefly in the meetings to which you so cordially called me; I had it at length and repeatedly in my talks with Mr. Harry WHITE. It was obvious to both of us that this was a political problem which could not be solved through merely technical discussions.

But I never concealed the feeling that we had towards your projects of issuing a military currency in French territory. I said repeatedly that we could not agree with this solution and that in case it would be enacted by your one-sided decision, we could only bear it without our consent. At no time have I given my agreement for the issuance in our country of a currency that would not be a French one.

I believe I had anew the opportunity to call the matter as I went to Mr. White to say good-bye and my thanks for having studied with such care and patience the problems of our concern. He told me that, to his mind, the question was settled; that the printed notes had already been allotted to the units that were to use them, that orders had been given and that it was too late in any case to modify a decision taken long ago.

This last talk took place on 1st. of June, the day before I left Washington. At that time the problem of the issuing authority was already on the foreground of the preoccupations of the F.C.N.L. We were aware of that in Washington while I was still there, through dispatches from Algiers, especially one published by the NEW YORK TIMES, and I was impatient to be back in Algiers to tell my colleagues of the solutions reached to in Washington, and particularly of the manner in which this last delicate problem was set. Unfortunately, as you know, I had to wait for nine days for a space on the air plane. Throughout the delay, the political situation went on developing along a line that could only be regretted by those who care for franco-american friendship. The landing of allied troops took place without any political agreement between the Allied Governments and ourselves; this inevitably emphasized the problem of currency. French public opinion

.../...

COMITE FRANÇAIS DE LA LIBERATION NATIONALE

LETTRE N°

DU

194

SUITE N° 2

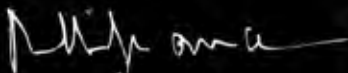
saw in these military notes the obvious manifestation of a deep misunderstanding.

Shall I tell you how profoundly I regret this situation? I have done my best throughout my visit in the United States to work out a feeling of trustful collaboration between the Treasury and my Commissariat; your personal welcome, so friendly and so heartfelt, gave me the hope that out of my visit would come in the future - quite apart from the practical immediate results - better possibilities for cooperation. I am so much the more sorry of the present incident.

I wanted to express to you quite candidly my feeling in the matter, thanks to the sentiments you have been so kind to extend to my country and to my person.

I hope that the difficulties with which we meet today will be no obstacle to our future work and it is in this feeling that I beg you to believe me, dear Mr. Morgenthau,

Yours very sincerely,



AMEMBASSY;

CIRCULAR, TWENTY-EIGHTH.

The cable below is from War Refugee Board.

The following is the text of a resolution which was unanimously approved today by the Committee on Foreign Affairs of the House of Representatives:

QUOTE Resolved, That the House of Representatives hereby expresses its deep concern over the plight of the threatened millions in Nazi-occupied and Nazi-dominated territories. The House of Representatives expresses its approval of the activities of the War Refugee Board, which is facilitating the actual rescue of persons so exposed, furnishing relief to such persons by making available food and other supplies, and attempting to influence through psychological and other measures the attitudes of both the leaders and rank and file populations in those territories where extermination of minority groups is imminent, and be it further

Resolved, That the House of Representatives is not content merely to join with those who have expressed their horror at the barbarism of the governments involved in the cruelties herein condemned, but hereby expresses its determination that the criminals who are guilty of this inhuman conduct shall be brought to justice, and hereby requests the Secretary of State to convey, through such means as he may find appropriate, this concern and determination of the House of Representatives. This concern and determination, while addressed to all Nazi-controlled territories, is particularly directed to Hungary, where the lives of a million Jews hang in the balance. At this historic moment, when the tide of military battle has turned decisively in favor of the United Nations, the House of Representatives of the United States of America calls upon the Nazis and all their satellites to stem the tide of inhumanity toward helpless peoples UNQUOTE.

You are requested to convey the contents of this resolution to the appropriate authorities and to use all possible means to give the resolution the widest possible publicity, particularly in Europe. The cooperation of OWI should be solicited.

In addition, through such channels as may be available to you, this action of the House of Representatives should be brought to the attention of the Hungarian Government.

Sent to London

Repeated to Ankara, Madrid, Lisbon, Stockholm and Bern.

HULL

(GLW)

CODE ROOM: Please repeat to Ankara, Madrid, Lisbon, Stockholm and Bern.

WRB:MMV:KG

5/24/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: SECRETARY OF STATE, WASHINGTON
TO: AMREP, ALGIERS
DATED: JUNE 28, 1944
NUMBER: 2036

CONFIDENTIAL

FOR MURPHY AND ACKERMANN IN ALGIERS

War Relocation Authority sending representative to accompany refugees to United States. What is latest date said representative may arrive in Italy to insure his being on time to embark with refugees?

THIS IS WRB CABLE TO ALGIERS NO. 31

Repeated to Naples as no. 269

AIRGRAM

275

FROM

RIO DE JANEIRO

DATED: June 28, 1944

RMC'D: July 8, 8 am

SECRET

To the Secretary of State,
Washington, D. C.

A-1205, June 28, 1:30 p.m.

Following memorandum submitted by Simmons of this Embassy today:

"I called on June 27 and 28 on Ambassador Velloso, Secretary General of the Foreign Office, with regard to the Department's circular airgram of June 17, 1944, 9:10 a.m., in regard to the possible presentation to the German Government of concrete proposals upon the resolution of May 31, 1944 adopted by the Emergency Advisory Committee for Political Defense, at Montevideo, on the recommendation of the United States member, favoring the exchange of German nationals in the Western Hemisphere against certain persons belonging to the oppressed peoples of Europe who bear documents issued by or in the name of the American Republics or other non-European states.

"I strongly emphasized to Mr. Velloso the Department's view that it is essential to proceed as quickly as possible with the presentation to the German Government of concrete proposals based upon this resolution. I told him of the hope expressed by the Department that the Brazilian Government would be willing to join in this common program and told him that the Department had expressed the particular wish to learn of any initiative taken by the Brazilian Government to implement this desirable step in strengthening the common front against the Axis. I brought out, in this connection, the attitude expressed verbally by Dr. Aranha last year, to the effect that it might be a good thing for Brazil to get rid of a large number of Germans still in this country. This, I supposed, might have a bearing on the present question, especially in regard to Brazil's willingness to effect some kind of an exchange of the type suggested.

"Mr. Velloso promised to give this matter careful and prompt study and to see whether anything could be done."

CAFFERY

JFS:mp

S E C R E T

CABLE TO AMERICAN EMBASSY, SAN SALVADOR, EL SALVADOR

Reference is made to your A-237 of June 7. It is not clear therefrom in what respect the Salvaderan note of May 20 to Spain modifies the previous request to Spain referred to in such note and apparently reported in your A-186 of May 3. Please ascertain and advise Department.

Legation Bern reports that Swiss government, which acts as Salvador's protecting power vis-a-vis Germany, has received a formal declaration from Salvador recognizing Salvadoran passports held by Jews in Germany and German occupied territories. This declaration, though unreported by you, is most essential step in the scheme of protecting the persons concerned from persecution. Please see to it that no step is taken by new Salvadoran government which might weaken this declaration or confuse the Swiss authorities as to its continuing validity.

6/28/44
10:05 a.m.

Miss Chauncey (for the Sec'y), Abrahamson, Cohn, DuBois, Friedman, Hodel, Laughlin, Lesser, Mann, Stewart, Central Files, Cable Control Files

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, London
 TO: Secretary of State, Washington
 DATED: June 28, 1944
 NUMBER: 5104

SECRET

We have just received from the Foreign Office a memorandum with respect to the wish of the War Refugee Board and the Department to remove refugees escaped from enemy territory to southern Italy, as set forth in Department's cable of June 3, No. 4413. The memorandum goes into detail with respect to the points which Randall, head of the Refugee Department of the Foreign Office, mentioned as reported in Embassy's cable of June 7, No. 4567. There follows the substance of the memorandum:

1. The anxiety of the President and the State Department for the speedy removal from southern Italy of refugees who have escaped from enemy territory is shared by the British Government. It is stated by the Foreign Office that it was aware of the large number of refugees arriving from Yugoslavia in Italy and that it agrees emphatically with the view that in no way should the escape of refugees from the Balkans to Italy be discouraged. Marshal Tito has promised cooperation and such measures as are possible to alleviate the plight of Jews in Hungary have been taken by the British authorities.

2. The British military authorities in the Middle East were prepared and willing to accommodate 40,000 Yugoslav refugees in Egypt but since UNRRA has not been able as yet to secure the necessary medical staff the military authorities doubt that they can accommodate more than the 25,000 who have arrived in Egypt already.

Therefore, the Foreign Office has requested the European headquarters of UNRRA to expedite provision of a medical staff.

3. Every effort to carry out plans already completed to move as many Jewish refugees as possible from the Balkans is being made by the British authorities. As soon as the Rumanian Red Cross, the Swiss authorities in Rumania, and the International Red Cross in conjunction with the Jewish agency for Palestine can make the necessary arrangements, a British ship can be ready at 30 days notice to proceed to Constanza for the evacuation of Jewish refugees. However, it seems that in all probability the German

the German Government will not grant the necessary safe conduct in this case any more than in that of the SS TARI for which the American Embassy to Turkey had negotiated. However, we will actively pursue the matter.

4. The establishment of a refugee camp in Tripolitania has been agreed to by the British Government and it is examining the proposal that Sicily should become a destination for refugees.

5. It is agreed to by the Foreign Office that camp Lyautey at Fedhala should not be opened to refugees from Italy as it must be kept available for those refugees coming from Spain.

6. Concerning the proposal that HN Government should grant Palestine immigration certificates to Jewish refugees in liberated Italy, the British while they do not doubt the desirability of moving them for operational reasons, nevertheless feel that since they are in an area where they are safe from enemy persecution, they should give preference for rescue under the limited quotas allotted for immigration into Palestine to those Jews who are still in danger of their lives and can be got to safety out of enemy controlled territory.

The Foreign Office concludes by saying that this means that while considerable numbers of Yugoslav refugees from Italy have already been received in Palestine, in order that Palestine may be kept available for Jews escaping in increasing numbers through Turkey from places of danger, the alternative places of refuge should be used to the greatest extent.

WINANT

CABLE TO AMERICAN EMBASSY, PORT-au-PRINCE, HAITI

The following is the substance of a message from the Amlegation Bern: QUOTE: Legation wishes to be informed whether or not Haiti has acquiesced and plans to advise the Swiss Government that Haitian passports held by Jews in German occupied countries and Germany are recognized by Haiti. Recently the Haitian Legation was contacted in Bern by an interested Jewish organization in connection with four persons holding passports of this description, who are among the 162 persons listed as removed from Vittel and the Haitian Legation in Bern informed this Jewish delegation that such documents were fraudulent and of no value, as far as they werre concerned. UNQUOTE

In view of the foregoing the urgency of prompt affirmative action with respect to the matter referred to in your A-321, June 15, 11 a.m. is apparent. Please endeavor to expedite such action by the Foreign Office as well as the prompt transmission of an appropriate message to Haitian Legation at Bern stating that the validity of passports issued in Haiti's name held by persons subject to enemy persecution is recognized.

5:00 p.m.
June 28, 1944

LSLesser:als 6/27/44

Cable to:

Minister Harrison at Bern and McGlelland
Minister Johnson at Stockholm and Olsen
Ambassador Hayes at Madrid
Ambassador Steinhardt at Ankara and Hirschmann
Ambassador Norweb at Lisbon and Dexter

The following is the text of a statement by Francis J. Spellman, Roman Catholic Archbishop of New York, released today by the OWI. This statement will, of course, be shortwaved to appropriate areas but such additional use as may be made of it by local papers and radio stations will be helpful, and to this end please make appropriate efforts. Text follows:

QUOTE: Almost on the feast of Pentecost, the day on which the Church of Christ emphasizes the supranational, supraracial character of her mission, we learned that the government of Hungary had agreed to enforce against the Jewish people a code of discriminatory laws. We were told that this unhappy segment of Israel in Hungary is being herded into Ghettos after its homes and its shops had been systematically looted and pillaged.

This announcement has shocked all men and women who cherish a sense of justice and of human sympathy. It is in direct contradiction of the doctrines of the Catholic Faith professed by the vast majority of the Hungarian people. It is a negation of the noblest pages of Hungarian history and cultural tradition.

Through the stormy ages Hungarian Catholics have been loyal to the lofty principles of justice, mercy and charity proclaimed by Our Divine Lord in the Sermon on the Mount. They have been steadfast whether under attack by the Mongols and the Turks in centuries past or in our own times under the bitter persecution of Bela Kun and his cruel cohorts.

It seems incredible, therefore, that a nation which has been so consistently true to the impulses of human kindness and the teachings of the Catholic Church should now yield to a false, pagan code of tyranny because of blood and race. How can men of good will fail to heed these solemn words of Pope Pius XI: INTERQUOTE Abraham is called our patriarch, our ancestor. Anti-semitian is not compatible with the sublime reality of this text. It is a movement in which we Christians cannot share. Spiritually we are Semites. END INTERQUOTE

One of the great lessons to be learned from the life of Hungary's king and Patron Saint is that no minority should be oppressed. For injustices of whatever kind can wreck and destroy the integrity of any nation's life.

-2-

Nearly a thousand years ago, St. Stephen, King of Hungary, received his crown from Pope Sylvester II. He realized that Hungary was destined by the very exigencies of geography to be the crossroads of Europe where diverse racial stocks would necessarily meet. St. Stephen pledged himself and his people to live as common children of a loving mother country.

The same saintly national hero dreamed always of Hungary as a INTERQUOTE regnum Marianum, END INTERQUOTE as a realm of Mary. To this day, the coinage and the postage stamps of the country bear the figure of Mary, the Mother of Mankind. It would be all the more tragic, therefore, if a people so devoted to Mary, the Jewish Maiden who was the Mother of the Messiah, should freely countenance cruel laws calculated to despoil and annihilate the race from which Jesus and Mary sprang.

It is incredible that a people with such profound Christian faith, which its glorious history, with the oldest parliamentary tradition on the Continent, would join in a hymn of hatred and willingly submit to the blood lust and brigandage of tyranny.

No man can love God and hate his brother. No one who hates his brother can be a faithful follower of the gentle Christ. UNQUOTE

You are authorized to bring this statement to the attention of Hungarian and other satellite authorities through such channels as may be available to you.

10:05 a.m.
June 28, 1944

Miss Chauncey (for the Sec'y) Abrahamson, Cohn, DuBois, Friedman, Hodel, Laughlin, Lesser, Mann, Stewart, Central Files, Cable Control Files

LSLesser:als 6/27/44

CABLE TO AMBASSADOR MURPHY FOR ACKERMANN IN NAPLES FROM WAR REFUGEE BOARD

War Relocation Authority sending representative to accompany refugees to United States. What is latest date said representative may arrive in Italy to insure his being on time to embark with refugees?

This is WRB Cable to Algiers No. 31 .

Please repeat for Murphy and Ackermann in Algiers.

4:05 p.m.
June 28, 1944

Miss Chauncey (for the Sec'y) Abrahamson, Cohn, DuBois, Friedman, Hodel, Laughlin, Lesser, Mann, Stewart, Central Files, Cable Control Files

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate General, Naples
TO: Secretary of State, Washington
DATED: June 28, 1944
NUMBER: 294

CONFIDENTIAL

The following message, which was drafted May 31, is Tittman's no. 213, of June 27.

(1) In compliance with your request the communication was transmitted. The Holy See does not desire to be identified as actually collaborating with any Government, therefore, it prefers taking independent, although parallel action.

(2) Since last December the Holy See, as a result of intimation by the Apostolic Delegate in Washington, has been occupied with the fate of the referred to internees. The passport recognition question was first taken up with Paraguay and similar approaches were then made to the other Governments of South America. Continual efforts have at the same time been made by the Holy See through Nunciatures in Madrid and Bern to prevent the transfer elsewhere of these internees. Finally, the Holy See has arrived at the conclusion that through an exchange lies the only solution of this particular problem.

(3) By instructions sent from here, dated January 11, March 11 and April 22 of this year, the Apostolic Delegation in Washington were kept informed of the status of this matter. The Delegation should have the information on file as the replies received from the various Nunciatures regarding the question were communicated in detail to them.

(4) The steps taken by the Holy See for the alleviation of non-Aryans in Hungary, Rumania and Slovakia were also conveyed to the delegation in Washington.

Reference Department's cable to Bern, no. 1502, April 29.

BRANDT

PERAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate General, Naples
TO: Secretary of State, Washington
DATED: June 28, 1944
NUMBER: 296

SECRET

We repeat below Fittman's message of June 27, Number 215, which was drafted May 3.

Reference is made to Department's message to Bern dated May 6, Number 1580.

The British have been contacted directly through the Minister here by the Vatican in accordance with your wishes.

BRANDT

DCR/GPW

6/29/44

LL - 667
This telegram must be
paraphrased before being
communicated to anyone
other than a Governmental
agency. (RESTRICTED)

Naples

Dated June 28, 1944

Rec'd 3:17 p.m.

Secretary of State,

Washington.

300, June 28, 4 p.m.

This is Tittmann's 220, June 27.

Referring to the Department's telegram number 191,
June 13, to Kirk.

Communication delivered to Cardinal Secretary of
State June 24.

BRANDT

CAV
WTD

RA-787

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

Lima**Dated June 28, 1944****Rec'd 7:55 p.m.****Secretary of State****Washington****866, June 28, 4 p.m.**

Reference your confidential circular airgram April 15, 7 p.m., regarding refugee children.

The Peruvian Government notwithstanding aerdg(?) adequate organizations or suitable establishments is willing to receive up to 50 children provided that (one) they are of French or Belgian nationality and (two) the Government's responsibility should begin at the Port of Callao.

WHITE**HTM:EBB**

CABLE TO LISBON

From War Refugee Board to Norweb

Please deliver the following message to Robert Pilpel, c/o the American Embassy, from Moses A. Leavitt of the American Jewish Joint Distribution Committee:

"Remitted Saly Mayer \$150,000 for June and balance \$150,000 will be remitted July first also remitted Saly \$25,000 for Shanghai Stop Advise Mosaiska Foersamlingen we remitting them \$5,000 for refugees from Finland as temporary grant pending submission regular budget Stop Riegner cabled World Jewish Congress that he received appeal from Filderman through International Red Cross for help former Transnistrian refugees and Moldavian evacuees also for people emigrating to Palestine Stop Filderman states local relief insufficient Stop Please Ask Saly ascertain facts and advise possibilities extend aid and amounts required"

THIS IS WRB LISBON CABLE NO. 43

2:25 p.m.
June 28, 1944

Miss Chauncey (for the Sec'y) Abrahamson, Cohn, DuBois, Friedman, Hodel, Laughlin, Lesser. Mann, Stewart, Central Files, Cable Control Files

FH;lab 6/28/44

Lisbon
Dated June 28, 1944
Rec'd 11:59 p.m.

VMT - 576
Distribution of true
reading only by special
arrangement. (SECRET-W)

Secretary of State,

Washington.

2009, June 28, 1 p.m.

(WRB 39). This is WRB 85.

Mexican Legation has not (repeat not) received instructions grant 500 residence visas referred to in Department's telegram 1819. Mexican Legation already preparing lists but can do nothing further until authorization received. Preparatory work along lines indicated Department's 1819 and 1820 already begun. General suggestions regarding procedure being followed; detailed plans will be telegraphed as they develop.

NORWEB

WTD
HTM

OMY - 952
 Distribution of
 true reading only
 by special arrange-
 ment. (SECRET W)

Lisbon

Dated June 28, 1944

Rec'd 9:02 a.m., 29th

Secretary of State,

Washington.

2035, June 28, 7 p.m.

FOR LEAVITT FROM PILPEL JDC 24 further amplifying JDC
 21 and 22. Your WRB 87.

Mayer suggests and it is believed WRB representative
 Bern wiring Washington as follows first, that United States
 Sweden and Palestine should each grant visas in tens of
 thousands for Hungarians on basis of which Swiss might re-
 quest Hungary to allow refugees to remain there. Second,
 Algiers, Spain and Portugal should be asked to set up transit
 camps especially for rabbies, religious and intellectual
 leaders. Hungarian commander thinks German transit possible.
 Third, since carrying out these plans in Europe involve
 heavy cash and merchandise outlay Mayer would need millions
 Swiss francs in hand additional to current appropriation.

It is thought by Dobkin that Palestine certificates
 available provided United Nations approved Brandt proposal
 or modification of it. Referring telegram to Mayer stating
 that rabbies think cooperation Sternbusch imperative Saly
 considers important you know that various responsible groups
 seek action their adherents and preteges while JDC is con-
 cerned with general rescue. Since propositions invariably
 overlap Mayer indicates necessity of decision on policy to
 support joint type as well as other.

Despite real special organizations America to accom-
 plish their purposes we desire point out Saly's excellent
 working relationships with representatives all organizations
 in Switzerland. Expected Saly meeting delegates several
 groups soon hoping for fusion projects. Informing Schwartz
 all of above.

NORWEB

HDA
 EH

AIRMAIL

No. 653

EMBASSY OF THE
UNITED STATES OF AMERICA

UNRESTRICTED

Lisbon, June 28, 1944

Subject: Care of Sephardic Jews now in Greece
Claiming Portuguese Nationality

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

Sir:

I have the honor to transmit herewith a translation of a note sent by the Portuguese Foreign Office the 24th of June in reply to an aide-memoire left with it following a visit by the attache of this Embassy representing the War Refugee Board. The interest which the Portuguese Government has taken in the situation of these Sephardic Jews will be noted. This visit was made following receipt of several telegrams from Washington urging this Embassy to take up the matter covered in the notes with the Portuguese Government. The results, as indicated in the note enclosed, are highly gratifying and it is hoped will obtain an alleviation of the condition of these people.

There is also enclosed a translation of a note sent by the Papal Nuncio to the Foreign Office on the same subject. Presumably this note also had its effect in obtaining the favorable action taken by the Portuguese Government. This Embassy was requested by the Nunciatur to explain to it the request which they had received from Rome, and as a result their note, copy of which is enclosed, was sent to the Foreign Office.

cc: Miss Chauncey (For the Sec'y), Abrahamson, Akzin, Borenstein, Cohn, DuBois, Friedman, Gaston, Hodel, Laughlin, Lusser, Mann, Mannon, Marks, McCormack, Pable, Sargoy, Standish, Weinstein, Files

Provided that the Department perceives no objection, it would be appreciated if a copy of this despatch together with copies of the notes enclosed were forwarded to John W. Pehle, Executive Director of the War Refugee Board.

Respectfully yours,

For the Ambassador:

/s/ Edward S. Crocker,
Edward S. Crocker,
Counselor of Embassy

Enclosures:

1. Translation letter from Foreign Office
2. Translation letter to Foreign Office from
Papal Nuncio

RCD:ew

Enclosure No. 1 to despatch No. 653 dated June 28, 1944,
from the Embassy at Lisbon

EMBASSY OF THE
UNITED STATES OF AMERICA

translation

MINISTRY OF FOREIGN AFFAIRS.

Miracoao Geral dos
Negocios Politicos e da Adminis-
tracao Interna

Proc. 32,61

No. 15

The Ministry of Foreign Affairs has received with the interest it deserved the suggestion of the United States Government, transmitted by its Embassy in the "Aide Memoire" of the 9th of May, referring to the Israelites of Greece of presumed Portuguese nationality who seem to be at present in a painful situation, under the menace of imminent danger.

2. - The Portuguese Government, faithful to the principles of humanity that in all cases have guided it, never failed to render all possible assistance to the Jews who, on the basis of nationality, appealed for its protection.

3. - This, therefore, is what is happening to the Jews in Greece and for this reason, before having received any appeal from those interested, the Portuguese Government had, in due course, sent instructions to the Legation in Berlin to take steps for the repatriation of non-Aryans residing in the above country, who might be considered Portuguese citizens.

4. - Doubts and deficiencies in proving the claims of nationality of these Israelites, delayed however the settlement of the matter. But in view of the very alarming news brought to the attention of the Portuguese Government, it has decided to authorize the entry into Portugal of those who have any basis for claiming Portuguese nationality, when they are in the country the question of proof can then be carefully considered.

5. - The Portuguese Government has taken good note of the generous offer of the American Government to provide maintenance and the definite future provisions of the refugees outside of Portugal.

6. - That offer, which is duly appreciated, will be accepted by the Portuguese Government only in the cases of Israelites who prove not to be its nationals.
Lisbon, June 24th, 1944.

Enclosure No. 2 to despatch No. 653 dated June 28, 1944,
from the Embassy at Lisbon

EMBASSY OF THE
UNITED STATES OF AMERICA

The following is a translation of a note from the Apostolic Nuncio in Portugal, written in response to a request from this Embassy for the support of the Nuncio in regard to securing the protection of the Portuguese Government to claimants of Portuguese citizenship of Jewish race who were threatened with deportation to Poland. At the same time, as may be noted, a note was received from the Secretary of State of the Pope by the Nuncio asking for similar action.

Note 4982

The Papal Nuncio presents his compliments to the Minister of Foreign Affairs and has the honor to bring to his attention the following facts:

1. The Papal Nuncio has received instructions from His Eminence, Cardinal Maglione, Secretary of State of His Holiness the Pope, asking the Nuncio to intervene in his official capacity with the Portuguese Government in favor of a group of non-Aryans, resident in Greece, who claim to be originally Portuguese citizens and who are now in danger of being deported to Poland.
2. The Nuncio has been advised that an intervention in favor of this same group was made by the Embassy of the United States in Lisbon by note under date of the ninth of May.
3. The Nuncio urges the Portuguese Government, in view of its well known humanitarian sentiments, which during the war has given comfort and salvation to so many people, to come once more to the aid of this particular group whose situation is so serious. The Nuncio cannot help but anticipate from the Portuguese Government the most favorable response to this request and thanks the Portuguese Government in advance for its cordial cooperation in this humanitarian effort.

SECRET

AIRGRAM

FROM American Embassy
Madrid, Spain
Dated June 21, 7 p.m., 1944
Rec'd. June 28, 10 am

Secretary of State,
Washington.

A-268, June 21, 7 p.m.

Reference Department's secret airgram A-295 May 30.

The Embassy fully appreciates the difficult position in which the Department was placed as a result of the action of the German Government in disregarding the nominations made by the Governments of the United States and other American Republics for the inclusion of verified nationals in the recent exchange of civilians, and recognizes as compelling the reasons which prompted the Department to accept, without reference to nationality status, the individuals nominated by the German Government for that exchange. The Department will at the same time, it is believed, recognize the validity of the considerations which prompted the Embassy, in the light of circumstances set forth in its 1771 May 21, to decide to forego the implementation of instructions contained in the Department's 1384 May 16 and 1398 May 17, a decision which, it should be pointed out, was reached in full agreement with the Department's representative on board the GRIPSHOLM.

With reference to possible future exchanges of personnel on Spanish territory the Embassy wishes to make it clear that the Spanish Government has not raised and is not expected to raise any question with respect to the destinations of civilian repatriates exchanged in Spain provided satisfactory arrangements are made for their prompt departure from the country. The difficulty which arises in connection with arrangements such as those envisaged in the Department's instructions mentioned above arises rather from the fact that, in view of the lack of any assured destination to which to send persons disembarked in accordance with such arrangements, it is not possible to furnish the Spanish Government with satisfactory guarantees with respect to their subsequent departure from Spain. (By way of illustration it may be pointed out that a considerable percentage of those stateless refugees who have

-2- A-268, June 21, 1944 from Madrid, Spain

applied for admission to the Fedhala refugee center, the closest approach to an assured destination presently available, have been rejected by the French North African authorities on security or other grounds, and that the rest have remained in Spain for five months awaiting sailing.)

Aside from whatever objections the Spanish Government might have to the prolonged stay of such persons on Spanish territory, there is, moreover, the fundamental objection from our point of view which attaches to the extended presence in Spain, at a time when one of our major objectives is to rid the country of German agents, of a group of persons whose number might well contain such agents.

The Embassy is confident that the Spanish Government will continue to be most cooperative in connection with any further exchanges of personnel which may take place on Spanish soil, but it strongly recommends that, if the necessity continues of accepting unverified nationals in such exchanges, arrangements be made for their onward transportation together with the other exchangees to an arranged destination and that, for the reasons set forth above, every effort be made to avoid disembarking them in Spain.

HAYES

NWB/jf

CABLE TO MINISTER HARRISON AT BERN AND McCLELLAND

Please advise whether information contained your 3914 of June 19 or information contained first sentence paragraph marked two your 3867 of June 17 is considered by you more reliable.

THIS IS WRB BERN CABLE NO. 61

10:05 a.m.
June 28, 1944

ISLesser:als 6/27/44

PARAPHRASE OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMLEGATION, Bern
DATED: June 28, 1944
NUMBER: 2196

CONFIDENTIAL

From War Refugee Board as its cable 46 to Harrison

We are very disappointed over the negative Intercross answer which your 3144 and 3147, May 17 contained.

Since apparently you have not yet availed yourself of the authorization which the last sentence of the Department's 1498, April 29, midnight, contained, we ask that in this regard you informally approach the Swiss Government. Confidentially we hope that due to the great traditions of humanitarianism of Switzerland that Government will exercise its influence with the German officials in this regard in the interest of assuring these helpless peoples' survival.

HULL

DCR:EMS
6-30-44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: Amlegation, Bern
DATED: June 28, 1944
NUMBER: 2197

CONFIDENTIAL

From War Refugee Board to Harrison.

Please deliver the following message to Visser 't Hooft, 41 Avenue Champel, Geneva, from Henry Leiper of the American Committee for Christian Refugees:

"Your joint message through American Legation Bern leaves us uncertain as to just what distribution of total to be unblocked you desire. Please send simple list totals for different items taking into account new arrangements made for funds to Freudenberg from American Committee. March twenty fourth memorandum received."

THIS IS WRB CABLE TO BERN NO. 58

HULL

(GLW)

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: Amlegation, Bern
DATED: June 26, 1944
NUMBER: 2198

CONFIDENTIAL

**CABLE TO MINISTER HARRISON AND MCCLELLAND, BERN,
SWITZERLAND, FROM DEPARTMENT AND WAR REFUGEE BOARD.**

Re your 1366, March 6, 2031, April 1, 3877, June 17, and our 1845, May 27, and our 2102, June 19. Discussions here between Dingle M. Foot (MEW), Department, WRB and FRA have resulted in agreement to an experimental program of relief to persons in concentration and refugee camps enemy Europe for distribution by Intercross subject to distribution guarantees. Agreement calls for shipments of 100,000 standard food parcels monthly for three months to Intercross for distribution in such camps to be selected after consultation with Intercross. Agreement reads in part, QUOTE Relief food-stuffs may be despatched through blockade to such camps provided following guarantees are observed: (a) The goods are to be packed suitably for individual distribution; (b) Intercross will undertake to distribute such packages personally by their delegates; (c) Delegates will make subsequent visits to ensure that the goods have been used by those for whom they were intended; (d) reports will be required from Intercross after such consignment and as a condition of further shipments; (e) The distribution will be limited to persons confined in camps. UNQUOTE If the foregoing conditions are observed and we are satisfied that the packages have reached the persons for whom they are intended, the two Governments will be prepared, subject to supply and shipping considerations, to extend the system to other internment camps in enemy Europe.

Question of adding clothing to food consignments will be considered after scheme has become operative with reference to effective supervision and control established these camps by Intercross. Intercross will be asked to report on state of clothing needs in camps to which food will be delivered. In anticipation of conducting an experiment in supply of clothing, arrangements will promptly be made here for procuring the equivalent of 25,000 clothing parcels.

Via airmail

Via airmail Department has asked the Relief Subcommittee of the Joint Blockade Committee to request Intercross immediately to approach German authorities to ascertain whether (a) the German authorities will, in principle, permit Intercross to distribute food parcels and clothing parcels under the condition set forth above in all camps in German-controlled Europe wherein are confined persons not assimilated to the status of prisoners of war under the Geneva Prisoners of War Convention, (b) the German authorities will permit the immediate distribution of food parcels by Intercross under the conditions set forth above in the following camps:

Auschwitz
 Buechenwald
 Dachau
 Ravensbrueck
 Sachsenhausen-Oranienburg
 Belsenbergen
 Bergau
 Birkenau
 Sarvar
 Theresienstadt
 Drancy
 Fost or Dost
 Josenorac
 Stara Gradiska
 Gred Jani-Salis

You are requested to follow this matter closely upon receipt by Intercross of Joint Blockade Committee proposal. Please report date of receipt by Intercross and any developments during period proposal under Intercross consideration. We are extremely interested any suggestion you may wish to make regarding matter.

HULL

NOT TO BE RE-TRANSMITTEDSECRETCopy No. 11OPTEL No. 211

Information received up to 10 A.M. 28th June 1944.

1. NAVAL

Home Waters Minelaying by enemy aircraft continues to hinder unloading in assault area. Night 26th/27th. MTB's possibly sank one enemy ship off JERSEY and damaged one landing craft; MTB's sank two trawlers in River SCHEDLT. Estuary.

27th. One of H.M. Corvettes damaged by underwater explosion off BARFLEUR. 28th. One of H.M. Canadian Ships sank two trawlers off ST. MALO.

Mediterranean 27th. One of H.M. Submarines sank a 7,000 ton tanker and a 3,000 ton ship off NICE.

2. MILITARY

N.W. France With capture of arsenal all enemy resistance in CHERBOURG ceased on 27th. Isolated resistance still continues in N.W. tip of peninsula and on airfield to the East of CHERBOURG. U.S. clearance parties are already working in the port. Attack by British forces, including armour, continued S.E. TILLY SUR SEULLES against stiff opposition. Forward troops have reached ROVER ODON, cutting CAEN-VILLERS BOGAGE Road six miles W. of CAEN. During heavy fighting a strong enemy counter attack was repulsed and enemy tanks destroyed.

Italy On 8th Army Front stiff enemy resistance continues. British troops made a small advance West of LAKE TRASIMENO. U.S. Troops of the 5th Army have advanced about 2 miles north of MONTIERI and captured CHIUSDINO; on the West Coast S.VICENZO has been taken.

Burma Occupation of MOGAUNG completed on 26th.

Russia Russians have destroyed five German divisions encircled south of VITEBSK, captured ORSHA, reached MOGILEV and outskirts of BOBRUISK, to the south-east of which five German divisions have been cut off.

3. AIR OPERATIONS

Western Front 27th. 850 tons dropped on FB installations in cloudy weather. Enemy casualties 24:1:7 for 13 allied aircraft missing.

27th/28th. Aircraft despatched: FB installations 721, two railway centres in PARIS area 223, sea mining 14, other operations 69. Ten aircraft missing.

German Activity. Between 6 A.M. 27th and 6 A.M. 28th, 127 flying bombs launched of which 92 crossed coast and 35 reached GREATER LONDON. Provisional reports indicate 49 destroyed by fighters and 1 by balloon.

Italy 25th.26th. Aircraft attacked harbour installations CHERSO, GULF OF FIUME where a destroyer was hit, and VIAREGGIO docks, GULF OF GENOA.

26th. Fighters (two missing) operating over ITALY and YUGOSLAVIA destroyed 14 enemy aircraft on ground.

Hungary 25th.26th. Heavy and medium bombers (7 missing) dropped 165 tons on KOOLAZ oil refinery BUDAPEST.

Austria 26th. Heavy bombers dropped 1365 tons on oil refineries, rail targets and airfields in VIENNA area. Enemy casualties reported 93:8:19 for 53 allied aircraft missing.

Poland 26th. 72 Fortresses from RUSSIA escorted by 103 fighters attacked oil refinery DROHOBYCZ.

China 24th/25th Twenty Liberators (1 missing) caused heavy damage HANKOW docks.

Regraded Unclassified

4. HOME SECURITY

27th. 6 A.M. to 6 P.M. LONDON. Incidents in 10 boroughs.
Casualties so far reported: killed 38, serious 162, unclassified 17.

6 P.M. 27th to 6 A.M. 28th. LONDON. 18 incidents in
15 boroughs.

Casualties so far reported: killed 27, serious 98,
unclassified 105.