

DIARY

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December 1, 1944

OFFICE OF THE PRESIDENT

Dear Mr. Morgenthau:

It was nice of you to take the time to write me about the luncheon we had for you at the Federal Reserve. We were delighted to have you with us and hope that you will pay us a visit again in the near future.

If we can be of service to you at any time, just say the word.

Sincerely yours,



Honorable Henry Morgenthau
Secretary of the Treasury
Washington 25, D. C.



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TREASURY DEPARTMENT

WASHINGTON

December 1, 1944

TREASURY DEPARTMENT ORDER NO. 56.

Effective immediately, the Director of Foreign Funds Control will report to Mr. Harry D. White, Assistant to the secretary.

Treasury Department Order No. 52, dated April 15, 1944, is modified accordingly.

D. W. Bell
Acting Secretary of the Treasury.



MEMORANDUM FOR THE SECRETARY.

December 1, 1944

Mail Report

The release of the report of the War Refugee Board on Nazi atrocities in Europe brought in a number of requests for copies of this story, but very few of the letters made any particular comment. It thus was impossible to size up public reaction to the release. There were two outspokenly pro-Nazi communications; otherwise, mail receipts differed little from those of last week.

There were a few additional letters mentioning the radio addresses that opened the Sixth Drive, and these again included more unfavorable than favorable ones. There were, however, a number of enthusiastic letters and telegrams about the Drive itself with several reports that local quotas had been surpassed. On the other side, a few letters reported that the writers would not buy bonds because of Government waste or bad timing. Only one writer spoke of the fact that those who withdraw savings to buy bonds will lose a half-year's interest if they are not permitted to wait until after December 31, and there have been fewer requests for extension of the closing date of the Drive than might have been expected for this reason.

Interest in the Florida bond burning lagged during the week, but what response that did come in showed alarm over possible loss of investment. There was also a marked increase in letters reporting rumors that the Government plans to cancel bonds and that Service men are writing home that their purchase will lengthen the war. Roger Babson's article of November 25 was cited now and then as detrimental to the Drive. Only 7 bonds came to this office for redemption, while the number of complaints about delays, especially from families of Service men, was slightly reduced.

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Memorandum for the Secretary.

December 1, 1944

There were 23 requests for tax refunds, many extremely urgent. Foreign fund matters were the subject of perhaps a dozen inquiries, and the question of post-war treatment of Germany brought in about a half dozen counter-proposals. There were 7 donations ranging from \$2.00 to \$370.00. There was the usual routine mail on tax matters, and no other new subject appeared in the miscellaneous mail.

g. Forbush

General Comments

Margaret Bevan Huelin, Malaga, Spain. I wish to lodge a complaint regarding our recent experience in the U. S. Customs at New Orleans, La. * * * Previous to our departure from New York, the American Express Company, 65 Broadway, requested and obtained for us the visit of a Customs Inspector to our apartment at the Grosvenor Hotel, 35 Fifth Avenue. This officer made a thorough examination of seven large trunks of personal effects, carefully read through some documents and letters of introduction, which we would need on our arrival at Bilbao, these being the only papers which had not been examined and sealed by the Postal Censor. After examination the papers were placed in a trunk and the Inspector personally roped and sealed the trunks. He also telephoned the Customs House and obtained a definite assurance that we could take the outboard motor listed on the enclosed Export Declaration. On my arrival at New Orleans I went to the Customs House where I was informed that the trunks would all have to be opened and re-examined. Further, I lost nearly an hour and a half while a young woman argued as to whether or not we could take the outboard motor with us. The day of our departure all our baggage was examined on the dock and I can assure you, that after twenty-five years of travelling, I have never witnessed a more disgraceful way of handling passengers' baggage. Please understand that I am in no way protesting against thorough searching, which is naturally necessary in war-time. The contents of the greater number of our trunks were lifted out, dropped either on the ground or on an adjoining trunk and we were then told: "Now you pack the trunk." A white brocade evening coat and gown were crumpled up in a bundle and thrown on a trunk recently painted black. One trunk was so completely ransacked that it was quite impossible for us to repack it and part of the contents had to be carried piecemeal on board the ship. For many years I have carried with me as a lucky piece,

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a ten-dollar gold coin given to me by my late father. This the Inspector took and at first told me that he would have to confiscate it. After a strong protest on my part I was given a receipt, which I forwarded to Mr. Joseph Rowe, Vice-President, Irving Trust Company, One Wall Street, New York City. However, I have received no notification from the Bank up to the present date. * * * Concerning the articles which at present cannot be taken out of the United States, would it not be possible for the Customs authorities to supply prospective passengers with a list of the forbidden articles? The Customs authorities make no provision for the safety of articles removed from passengers' baggage. There should be an officer present who would take charge of the articles, issue a receipt and place them in safe custody until such time as the passenger returns to the United States. We saw a negro porter collect and carry off a large quantity of foodstuffs. Later I was informed by officers of the British Naval Control at Trinidad (British West Indies) that on every ship arriving from New Orleans there were passengers complaining of the same treatment as we received. * * *

Isidore Jwanier, Philadelphia, Pennsylvania. I have read with pain your joint report of how many people met death in the hands of the Nazi gangsters all over Europe, but I wonder whether you have an idea as to how many could have been saved if our visa officials in Washington and consuls in Europe would have not been indifferent in saving some of these victims. As an example, I will bring you forth my individual case, which is one of thousands. * * * In the year 1937, I took out all papers for my sister in Roumania and sent them with money for a ticket and fare. (Has two brothers in Paris, France. Also sent papers to one of them there) * * * In the year 1938, I received a letter from the U. S. Counsel at Bucharest that a visa may come forth in the near future in the next 6 months. At the end of each 6 months there was a delay for 6 months more. That was going on until the Germans started the war with Poland and things became hot. * * * Meanwhile I have received

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a letter from my sister that she went to Bucharest to the U. S. Consulate and cried and kissed the floor of his office and protested why he doesn't give her the visa and why he sent her back the pass which became void because he kept it for a whole year in his drawer. He only laughed and everything was in vain. The Germans then occupied Roumania and Paris. The Red Cross informed me after being locked up by the Germans there was no trace of life of them. I hope this letter will give you a clear picture what happened in Europe while people tried to save their lives. I have sent a letter a couple of months ago to our President asking an investigation of my case, but as you know our President never reads these letters. They are sent to the proper departments. My letter was sent to the Visa Department, and I have received a letter telling me that they are sorry for what had happened to my brothers and sister.

Anonymous - Postmarked Los Angeles, California. Your intention to put a whole nation into human slavery has come to the notice of every friend and relative of the German people here, and you will have to take the consequences now. You are a marked man. You will reap what you have sowed. * * * There are yet too many red blooded Germans in this country who will avenge this, your black deed, etc. * * *

Carl Kreis, Chattanooga, Tennessee. Allow me to enclose a clipping of one of my letters to the Chattanooga Daily Times. In my humble opinion yours, Sir, is the best plan for a post-war peace with the Huns. Hoping that your plan will overcome all the obstacles at the peace conference, I remain, Sir, very respectfully.

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Favorable Comments on Bonds

Alfred S. Boote, New York, New York. I heard your radio address of Monday night and I was greatly impressed by your words. I thoroughly agree with your statements. I would greatly appreciate it if you would be kind enough to send me a copy of your Monday night address which was delivered from the Waldorf-Astoria. * * *

R. Crosby Kemper, President, City National Bank and Trust Company, Kansas City, Missouri. Your Department has been doing a perfectly wonderful job in handling the various war loans and financing the Government's War effort. I would certainly hate to see any policy adopted that would interfere with the successful conclusion of the Sixth War Loan Drive and all War Loan Drives following until the termination of the War. There has been some criticism among the bankers of the Treasury's policy of refusing subscriptions to various individuals and institutions if there were any indication that the bonds were bought for speculative or semi-speculative purposes. * * * I believe the attitude of most Federal Reserve Banks toward some of the larger semi-speculative subscriptions is too severe. There have been instances where the refusal of subscriptions has had a very bad influence on the morale of bond selling organizations and has created the impression that the Treasury Department was trying to discourage large Government bond subscriptions. I know that there are two sides to this question but I do feel that all of us must be careful not to discourage the Government bond sales organizations. * * *

Benjamin Gutman, New York, New York. * * * The writer has two sons, both Lieutenants in the Army of The United States. We very recently received a letter from one, Lt. Edward Gutman, now stationed at Chatham

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Field, Georgia. In this letter to his parents he adds the following: "By the way the Sixth War Bond Drive is now on, and I bought an additional bond. I trust you all are supporting YOUR freedom, YOUR country, YOUR war effort, and YOUR sons.....BUY BONDS." I am of the belief that this spirit as manifested by one now in the Army for the past two and one-half years; the words in which it is expressed, could probably be exploited to usefulness as a slogan in the present Bond Campaign.

Frank Tripp, General Manager, The Gannett Newspapers, Elmira, New York. I am so full of enthusiasm for the press job that is being done in this Sixth War Loan that I cannot resist writing you about it. I want you to realize that we who are close to it recognize you as the man who made it all possible, in this loan and the four preceding. * * * The patriotism of the press has been crystalized into fabulous volumes of news and advertising which have done more than create bond sales. They have vied with the armed forces themselves in maintaining the morale and enthusiasm of the people. I wonder if you realize that Treasury material appearing in the press has exceeded better than two to one that of any civilian agency involved in the war? * * * Cumbersome volumes of the unnecessary have been replaced by professional handling of the important. Ted Gamble's press conferences produce live news which press wires carry and amazingly often appear as first page features. The job flows according to common press practice, the papers are happy and the Sixth Loan is getting a news selling job never equalled in the history of journalism. The same big advertising job also goes on. This didn't just happen. It was a lot of hard work but too often those who develop details lose sight of the sustaining force at the top. That's why I'm sending these orchids to you and Ted Gamble.

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Unfavorable Comments on Bonds

Charles D. Orth, Jr., New York, New York. My son, William T. Orth, died in line of extraordinary duty while serving with a unit of the American Field Service attached to the British Army in Burma. He was 20 years old, died intestate, and his net liquid and negotiable assets at the time of his death were less than \$500, of which \$225 were in Series E War Bonds. It is the wish of his mother and myself to convert these bonds to the possession of his only brother, Charles D. Orth, 3rd, who is now in service with our own Army in the European theatre. * * * I have received from the Federal Reserve Bank in New York a copy of Form PD 1946. Will you be good enough to advise if there is not some method whereby the simple and natural intention of the parents of the deceased boy, in a very small matter, as described above, may be accomplished without undergoing the intolerably complicated procedure involved in the implementation of Form PD 1946 -- especially since that form seems to require the signature of the brother overseas to whom it is desired to transfer the bonds?

H. L. Adler, Fresno, California. In your introductory -- talk, before the President, you had to, as usual, go too far. * * * Inasmuch as this Bond Drive is depending upon ALL the people, and as almost one half of them, never have discerned much Leadership of any kind (except Political) in the present incumbent, your remarks were entirely out of order.

F. C. Cutter, Fort Worth, Texas. I wish to protest as strongly as possible against your presumptuous comparison in your recent broadcast of Pres. Roosevelt with Washington and Lincoln; they were both men of character and veracity. They both strove for unity instead of class divisions for the purpose of advancing their own personal fortunes. * * * I imagine your partisan plug for F.D.R. will not contribute to the Loan campaign among the many who resent it.

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Victor L. Alslerge, Brooklyn, New York. I wish to go on record that I am purchasing War Bonds in the Sixth War Loan Drive to help finish a war that a more far-sighted administration might have prevented or kept us out of, and not as your speech on the radio Sunday might seem to imply, as a build up of President Roosevelt.

John R. Galbraith, Chevy Chase, Maryland. On November 4, 1944, I turned over to the Union Trust Company of the District of Columbia for collection one \$500.00 United States three and three-eighths percent interest bearing Treasury Bond, No. C 00032693. This bond had been called for collection on June 15, 1943. * * * I purchased this along with another \$500.00 bond some time between 1930 and 1935. The purchase was made in my name through the Union Trust Company, who made all arrangements for the purchase and who credited my account when the purchase had been accomplished. Some time between 1935 and 1938 I gave this bond to my brother and he has had same in a safety deposit box since that time. * * * I was never notified by the Treasury Department that either of these two \$500.00 bonds had been recalled. I found out when I surrendered a coupon in the Fall of 1943 or the early Spring of 1944 that these bonds had been recalled. I corresponded with my brother, secured a power of attorney, and was instructed to remove his bond from his safety vault, collect through the Union Trust Company, and deposit the money to his savings account. I furnished the Union Trust Company with a photostatic copy of my power of attorney to act for my brother. I have been informed by the Union Trust Company that the Treasury Department has refused to pay the amount due, apparently because the bond was not surrendered to the Treasury Department within one year after it was recalled. Demand is hereby made for immediate settlement of this bond or the return thereof to me without delay or "red tape." You, as Secretary of the Treasury, are making demands on the people for the purchase of bonds now, for and

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during the sixth war loan drive, and, of course, are leaving the impression that these bonds have some value. I am sorely grieved with the manner in which you have handled the settlement of a \$500.00 bond purchased in peace time and belonging to a man who is in the armed forces and in constant danger of death, and has been for a period of more than two years. I think it is utterly ridiculous for a matter to be handled as this has been done and I, as a tax payer, request some explanation. * * *

John Klauzenberg, President, and Frank Pinter, Recording Secretary, Local Union 2610, United Steelworkers of America, Baltimore, Maryland. In all previous War Bond Drives, our Local Union has done everything possible to put these drives across. We are proud of the record we have achieved and of the contributions our members have made in buying Bonds. In all previous drives, Management representing the Sparrows Point Plant of the Bethlehem Steel Company have cooperated excellently in conducting the drives with our Local Union, and plans were worked out mutually to help put the drives across. We are sorry to say that during this 6th War Bond Drive, the Management abandoned its policy and refuses to cooperate. Our Local Union Officers have been ignored and as a result, dissatisfaction among our members has developed toward the Management's arrangement attitude. This will reflect itself in the War Bond Sales. * * * Unless efforts are made to change the Company's attitude, we can see future conflicts of this sort. We protest vigorously and demand the situation closed up.

William M. Mill, President, Thomas Smith Company, Worcester, Massachusetts. Perhaps you have heard what I am going to write you about and perhaps you have not. I have heard it from three different sources. One was from a friend of mine who picked up an ex-serviceman

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and over-heard him talking in the back seat. Two of the three were from servicemen who have returned from the Pacific. One of our employees said that she has heard from several sources that the boys serving in Europe have written their people here at home to the same effect. This is - "If they buy more bonds it will only prolong the war." * * *

Andy Anderson, President, Andy Anderson's, Inc. (Sporting Goods), Oklahoma City, Oklahoma.
Subject: "Legalized Hi-jacking." This may sound a little bit strong; however, it may at least get us a reply. During the first War Loan Drive, this firm purchased a quantity of Series G Bonds. Your prospectus stated, if we recall correctly, "Fine for Small Corporations." Interest was paid us at the rate of 2½%, most of which was taxed away. Some time ago we were informed by the Treasury Department that a corporation cannot have surplus money in normal times in bonds of either the U. S. Government or private concerns. With this fact in mind, we recently sold \$25,000 worth of Series G Bonds, receiving in return \$24,182.00. We are now informed the \$818.00 loss suffered is not a deductible item against regular operating profit. * * * If our Government wants us to give \$818.00, or ten times that amount, we will be glad to make such a donation, but we certainly dislike being "rooked" out of any amount. It surely is not fair and certainly does not awaken in us any desire to try to help such a Government which sanctions actions of this type. With the Sixth War Loan in progress, we have available \$45,000 to help out. May we have an early reply as to why we should take the \$818.00 loss in the manner outlined, in order that we may govern our monetary actions in such a manner that we at least will not be in a similar position to that which we find ourselves at present.

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Dewey W. Fox, President, Marion County Branch N.A.A.C.P., Fairmont, West Virginia. (Letter addressed to Department of Labor and forwarded to the Treasury). On behalf of the American Legion Post No. 37, the Order of Elks, (Negro), I wish to protest the un-American methods directed at local Negro citizens by the Committee (White) responsible for the 6th War Loan Drive. Every Negro business in this City and County has been deliberately by-passed by the "Committee" in its advertizing, while White speak-easies, booze joints and other disreputable establishments have been plastered with placards. The 5,500 Negroes in this County bought \$32,000 in bonds in the last drive and received credit, (as published) by this offending group, for \$2,500. They refused to correct their error. Evidence is accumulating here that they are deliberately insulting and intimidating Negroes in the present drive. * * * Negro men of Marion County are serving with distinction in the Army, Navy, Air Corps, Marines and War industries. * * * We intend to support this Country in the war effort and we intend to have our rights as citizens and men regardless of the cost. * * * Your cooperation is expected in the interest of justice.

R. W. Gouge, Interlachen, Florida. On January 13th, 1944, I registered from the Post Office in Mannville, Fla., one \$25.00 bond Series E, issued July 1943, to your Department with a view of having it cashed or for being exchanged for a draft on which I could get the cash. Since that time I have written several letters to your Department with reference to the bond, and to date have not received any reply to them. Thinking that the bond could have possibly been lost in the mails I handled the matter with the Postmaster

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in Washington, D. C., who advised that this registered letter mentioned above was delivered in Pouch V 53677-8 January 17th, 1944. Would you please be kind enough to have this bond returned to me or a draft in exchange for same so that I may get it cashed.

Bessie M. Kunkel, Waukesha, Wisconsin. * * * The Sixth War Loan Drive started here Nov. 20th. As I was under obligations in Milwaukee, the first day I placed an order for \$20,000 of the 2%-52-54. After I returned home and I read where the 8th Ward in Waukesha, Wis., where I reside was given an allotment of \$47,000, I gave an additional \$15,000 of the 2%-52-54 to the solicitor when he called. To date in the entire city only \$36,500 has been raised, and it has been worked hard. My instructions were that my subscription was to be credited to the 8th Ward, Waukesha, Wisconsin. On Friday when our local paper printed a weekly report and only \$6,080 was credited to the 8th Ward, I wondered where my \$15,000 was placed. Upon inquiry, I was informed such a liberal subscription as I had given was placed on the Industry List. I am an individual and not in any industry, and all industry collections would be placed against the allotment of the local bank whose President is Chairman and directing the Sixth Loan Drive. I have never sold a single bond since starting to purchase in 1941, but I am telling you if you do not have my \$15,000 purchase credited to the 8th Ward in Waukesha, Wisconsin, where I reside and if you permit the Chamber of Commerce to manipulate such a necessary subscription as I have given, I will never buy a single war bond again.

Unfavorable Comments on Taxation

Sergeant Chester C. Burton, USMC, Quantico, Virginia. During February, 1944, with the aid of an income tax advisor, I made out a joint income tax return for my wife and me, and we figured that I should get back approximately \$106. I have heard other people say they got theirs back months ago, but I haven't had any luck. My wife has been to the Internal Revenue office at Philadelphia twice with no results. They told her to tell me to write a letter to them. I did that about two months ago, and still haven't heard from them. You are the last person I can go to. I would like to get the money back if it's coming to me, but if it isn't I would like to know why.

Karl Miller, Wayne, Michigan. I wish again to inform you I would like to know why I haven't gotten back the money I over-paid in income tax. Surely 8 months ought to give you an Idea when I can get this money. It is mine, and I demand to have it back just as much as you demand to have it when there is any to be paid to the Treasury. I have a F.H.A. Loan, and they are going to write Washington in regards to my past due notes. I am in dire need of this money and demand that I have it back, or I forfeit my loan with the F.H.A., so do something about it. It is very urgent, and I'm not fooling. * * *

Arthur Fentin, Roxbury, Massachusetts. I am a discharged veteran, and filed my income tax form last December, while still a member of the forces. My tax form figured out that I had a refund of approximately \$21.00 coming back to me. The majority of the people in my neighborhood who filed returns after me, have since received their returns, and I am still awaiting mine. I am at present in need of the money and would like you to look into the

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matter and speed up proceedings on it, since according to my interpretation of the law, service men were to receive the first attention, but my case seems to have been the opposite. Please notify as to what action will be taken.

Treasury Department
Division of Monetary Research

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Date Dec. 1, 1944. 19

To: Secretary Morgenthau

You may be interested in the
appended comment on Herbert Feis'
book "Sinews of Peace", an advance
copy of which the publishers sent you.

H.D.W. .

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

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE November 28, 1944

TO Mr. White

FROM Mrs. Sundelson *EWB*

Subject: Sinews of Peace by Herbert Feis, 1944.

Comment

1. Feis supports the Fund and the Bank but in a very indecisive fashion. He finds that the Fund is probably as satisfactory as can be obtained under the present circumstances and relegates the Bank to the subordinate role of handling such minor special problems as the financing of international zones established after the war.

2. The discussion is extremely superficial, both analytically and statistically, and contributes virtually nothing to our understanding of post-war monetary problems. Most questions are summarily dismissed as being "impossible to measure" or "requiring too detailed analysis".

Feis also evades the responsibility of taking a position or indicating his views. With seeming profundity, he raises a myriad of problems but makes only general remarks on both sides of each issue. His contribution to the question of whether or not the Fund will be inflationary, for example, is little more than that it may be inflationary and then again it may not.

3. Feis makes only one specific recommendation: to give a veto power over all important decisions of the bank to the major countries, although he recognizes that such a provision would confine the Bank to very narrow sphere of activity.

4. The book is badly written. It is verbose and affectedly elegant to the point of being distasteful. The following example is typical. Instead of a high level of world trade, Feis speaks of the "fruitful and steadily sustained international economic activity which flows from the bosom of healthy countries."

Criticism of the Fund

Feis' main criticism of the Fund is that the resources available to members may not be too closely related to their needs.

He also emphasizes the importance of good faith by the participating countries and the necessity of further international cooperation on tariff, full employment measures, etc. His specific criticisms are as follows.

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1. The Fund may be inflationary.
2. The purposes for which resources may be drawn from the Fund are ambiguous.
3. It is an artificial distinction to permit countries to use their own funds for capital transactions without permitting use of the Funds' resources for this purpose.
4. The transitional provisions are perplexing and difficult to interpret.
5. The procedure for determining initial exchange rates may merely prove to be a disguise for the actual process of international bargaining which will take place.
6. The provisions limiting changes in par values are not important restraints.
7. Countries will be able to use the resources of the Fund for unnecessary purposes despite the safeguards which have been provided.
8. The limitation on drawing power of 25 percent of the quota in any year is too rigid a limitation for the first post-war years.

Criticism of the Bank

Feis' main point is that the present veto power of members over loans made in their own currency is inadequate and that instead each country should be given a veto power over all important decisions. He doesn't go into any details on this question and hedges by concluding that our present veto power may be as much as we can reasonably seek. His other criticisms follow.

1. The Bank may decrease private investment opportunities by financing enterprises which will compete with us or by making member countries bolder so that they are willing to exclude private foreign capital from ownership and direct operations.
2. On guaranteed loans private capital would lose the specific returns which it now receives for performing the services of independent banker and counsellor.
3. The Bank will be endangered by difficult political questions. The provision dealing with this question in the Articles of Agreement doesn't solve the problem.

A-2533

UNRESTRICTED

3:40 PM

December 1, 1944

AMBASSY

LONDON

With reference to your A-1355, November 10, Carlos J. Warner is hereby designated as the United States member on the Commission of Experts of the Intergovernmental Committee to draw up a form of travel document for stateless persons in place of Sidney H. Browne who has been transferred to the Hague.

ACTING

Stettinius

Acting
GDNWRB:GLW:KD
11/30/44

BC

CABLE TO AMERICAN EMBASSY, PARIS, FROM WAR REFUGEE BOARD.

Please deliver following message to Rene Berthollet, c/o Daniel Mayer, 6 Blvd. Poissonniere, Paris 9, from Frank Kingdon and Sheba Strunsky of the International Rescue and Relief Committee:

QUOTE RECEIVED YOUR 13 VERY PLEASED WITH NEWS OF DANNY AND PAUL. VERY EAGER HAVE PAUL CONTINUE OUR WORK WITH ASSISTANCE OTHERS IN PARIS. WE SENDING MURIEL BUTTINGER TO FRANCE SOON AS SHE OBTAINS PASSPORT. CABLE US IMMEDIATELY FULL NAMES ADDRESSES REPRESENTATIVES MARSEILLE MONTAUBAN TOULOUSE. RENT OFFICE PARIS SOONEST POSSIBLE IN NAME INTERNATIONAL RESCUE AND RELIEF COMMITTEE AND CABLE ADDRESS FOR ALL COMMUNICATIONS. YOU MUST UNDERSTAND OUR FUNDS CAN ONLY BE USED FOR DIRECT RELIEF REFUGEES AND OTHER DISPLACED PERSONS. WILL HAVE TEN THOUSAND DOLLARS MONTHLY FOR FRANCE SENDING FIRST TRANSMISSION TO CLETTA MAYER SHORTLY LARGE AMOUNTS CLOTHING WILL BE SHIPPED SOON AS SPACE AVAILABLE. OUR ADDRESS IS 103 PARK AVENUE NEW YORK CITY. UNQUOTE

2:15 p.m.
December 1, 1944

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN DELEGATION, VATICAN CITY
TO: Secretary of State, Washington
DATED: December 1, 1944
NUMBER: 393

SECRET

See number 56 from the Department of the twenty sixth of October and 64 of the eleventh of November.

In reply to my communication a note dated the twenty sixth of November from the Vatican states that unfortunately Nunciature in Bratislava has not been able to secure data concerning the whereabouts of 400 Jews who were, in fact, transferred to Germany toward the middle of October from Slovakia. On being questioned repeatedly by Nunciature and local representatives of International Red Cross Committee, the Slovakian Government invariably responded that it was ignorant of the current whereabouts of these individuals.

In addition, the Vatican note states that Holy See has lately renewed its appeals through Nunciature to Slovakian Government that the Jews in Slovakia be treated in a humane and Christian manner and has approached the Slovakian Legation here in same sense expressing the regret that removal of Jews should have occurred contrary to assurances given before.

The Vatican note finally states that the Holy See will continue to do everything possible to relieve these suffering because of their race in the future, as in the past.

TAYLOR

DCR:NLG
12-4-44

CABLE TO AMERICAN LEGATION, LISBON, FROM WAR REFUGEE BOARD.

Please deliver following message to Robert Pilpel from M. A. Leavitt
of American Jewish Joint Distribution Committee:

QUOTE PLEASE ASK SALLY MAYER TO PROVIDE SWISS FRANC EQUIVALENT
OF \$1500 TO DR. MARTIN BLOCH, HASKINE FOUNDATION, PLACE ST. FRANCOIS
14, LAUSANNE. THIS REPRESENTS LOAN TO FOUNDATION TO ENABLE IT TO
CARRY ON ACTIVITIES BEHALF THEOLOGICAL SEMINARIES. ADVISE SCHWARTZ
THAT SHOULD HE VISIT BRUSSELS HE SHOULD CONTACT JULES BLOCH, MEMBER
BELGIAN CIVIL AFFAIRS DIVISION AND FRIEND MACH GOTTSCHALK. EFFECTED
FOLLOWING PAYMENTS (1) \$35,000 TO SALLY MAYER NOVEMBER GRANT SHANGHAI
(2) \$10,000 TO OUR ACCOUNT ROME ISLAND OF RAB (3) \$150,000 BELGIAN
EMBASSY. UNQUOTE

THIS IS WRB LISBON CABLE NO. 119.

9:45 a.m.
December 1, 1944

MOB-489
Distribution of true
reading only by special
arrangement. (SECRET W)

Lisbon

Dated December 1, 1944

Rec'd 11:59 p.m.

Secretary of State,
Washington.

4107, December 1, 3 p.m.

This is WRB 266 JDC 128 FOR LEAVITT FROM PILPEL.

Chief Rabbi Hertzog has appealed to Swedish King and Crown Prince to issue Swedish passports and evacuate on Swedish ships all Rabbis in Shanghai. Ehren Preis being bombarded with similar requests from Rabbi Nical groups in Palestine. This information from Laura Margolis who on basis her knowledge Japanese believes reaction to such a proposal likely result in serious disadvantage and hardships to entire group of 20,000. Ehren Preis who agrees with Margolis has made counter proposal that Swedish Foreign Office secure report on situation from Swedish Consulate Shanghai. Please urge greater reasonableness on Vaad Hatsala. We have not communicated with Hagges.

NORWEB

JMS

JVC-562
Distribution of true
reading only by special
arrangement. (SECRET W)

Madrid

Dated December 1, 1944

Rec'd 7:30 a.m., 2nd

Secretary of State,
Washington.

3912, December 1, 7 p.m.

Please refer to Tangier despatch 2374, October 3 and my telegram 3896 November 29, 9 p.m.

Foreign Office official stated today that a telegram has been cleared for the Spanish Legation at Budapest instructing issuance of 700 visas to Jews in Hungary to bring them under the scheme which already is successfully protecting the 500 children and 70 accompanying adults assembled at Budapest who are the subject of Tangier airgram 199 September 12. Intercross and Tangier Jewish community will handle implementation and are in correspondence.

It has been confirmed that these 700 are apart from the 2300 mentioned in my reference telegram.

Repeated to Tangier by courier.

HAYES

WSB

Miss Chauncey (for the Sec'y) Abrahamson, Ackermann, Aksin, Cohn, Drury, DuBois, Friedman, Gaston, Hodel, Marks, Mannon, McCormack, Pehle, Files.

AIRGRAM

FROM

STOCKHOLM

Dated: December 1, 1944.

Rec'd 2 p.m., 14th

UNRESTRICTED.

The Secretary of State,

Washington.

A-997, December 1, 9 a.m. Baltic Refugees.

GOTEBORGS HANDELS- OCH SJOFARTSTIDNING November 19th. About 100 of the 20,000 Baltic refugees who have arrived in Sweden were separated from the rest as suspicious cases. They were immediately taken to a special camp in Vastmanland for special examination. Twenty of them are notorious criminals and it is hoped that it will be possible to throw some light on the previous life of the others. Dr. Wendt, former Minister of Finance and member of Dr. Mae's puppet government, is in Stockholm. He is at a camp together with a member of Estonians who closely cooperated with the Germans. In Estonian quarters he is considered as an opportunist who changed more and more of late and made great efforts not only to get away himself but also helped others to escape from both the Russians and the Germans. Saar, Minister of Agriculture, was another member of Mae's government. He is also in Sweden.

SVENSKA DAGBLADET November 24th. It is reported from Gotska Sandon that the great stream of refugees from the Baltic States has now stopped. Altogether 1,042 people arrived there. They were fed, lodged and even supplied with clothes by the Sandon inhabitants.

SVENSKA DAGBLADET November 26th. Another large contingent of refugees from the Baltic States arrived at Oxelosund's harbor in one of the Navy's auxiliary cruisers. This contingent consisted of 300 people including 240 Latvians and 60 Estonians.

EXPRESSEN November 27th. Thirty Latvians arrived at Gotland besides the 162 reported this morning. They had been on the way for 44 hours, suffering many hardships.

NY DAO

-2- A-997, December 1, 1944, 9 a.m. from Stockholm.

NY DAG (Communist) November 30th writes in a notice headed "The Deportation of Balts Continues": On Wednesday morning (November 29th) a motorboat containing about 130 refugees, mostly Balts, landed near Hudiksvall. Just before reaching the coastal waters the boat had run out of motor fuel. A tugboat was sent out to tow the refugee boat to land.

JOHNSON

HEC/GD/ar.

HFB-544

PLAIN

Bern

Dated December 1, 1944

Rec'd 3:02 a.m., 2nd

Secretary of State

Washington

7874, First

FOR WRB FROM MCCLELLAND

Kindly deliver following message to Joint Distribution
Committee from Saly Mayer

"My very dear friends: I feel greatly honored to be
able to thank you warmly on behalf of all countries and
organizations for your 30 years of a service of love
rendered to the Jewish community in need of your generous
help. I wish you many happy returns of this anniversary.
With affectionate greetings yours faithfully".

HUDDLE

JMS

Miss Chauncey (for the Sec'y) Abrahamson, Ackermann, Akzin, Cohn,
Drury, DuBois, Friedman, Gaston, Hodel, Marks, Mannon, McCormack,
Pehle, Files.

FMI-424
Distribution of true
reading only by special
arrangement. (SECRET W)

Bern

30

Dated December 1, 1944

Rec'd 8:46 p.m.

Secretary of State,
Washington.

7877, December 1, 1 p.m.

WRB FROM MCCLELLAND

Department's 4012, November 27, WRB's 288.

Your paragraph one (see third paragraph Legation's 7342, November 4). No confirmation has yet been received from Oldenbruck in London whether equivalent of \$90,000 was ever made available to labor groups in Holland. Pending receipt such confirmation no (repeat no) payment has been made to Dutch Minister at Bern. I therefore still have on hand \$165,000 the total of four remittances (August 23, \$60,000; September 27, \$30,000; October 3, \$25,000; and November 1, \$50,000) received from Queen Wilhelmina fund. The net Swiss franc equivalent of this total is 704009.45.

Pending receipt by Belgian Charge d'Affaires at Bern of information from Brussels concerning Major and Lapaille (Legation's 7715, November 24) no money from Belgian War Relief funds has been paid to him. Balance on hand there 4384005.10 Swiss francs equivalent of \$90,000.

Balance on hand Friends of Luxembourg funds 83334.45 Swiss francs equivalent of \$19,533.60, 2,000 Swiss francs having been advanced on November 19 to Jean Gallion, Treasurer of Luxembourg Miners and Metallurgists Federation, who recently returned to Luxembourg. I asked Gallion to urge Krier and Clement to send me plan of relief expenditures they propose for Luxembourg so that I may answer Department's 3729, October 31, WRB's 251.

MUDD LE

EEC

Miss Chauncey (for the Sec'y) Abrahamson, Ackermann, Aksén, Cohn, Drury, DuBois, Friedman, Gaston, Hodel, Marks, Mannon, McCormack, Pehle, Files.

MOB-423
Distribution of true
reading only by special
arrangement. (SECRET W)

Ankara

Dated December 1, 1944

Rec'd 8:47 p.m.

Secretary of State,

Washington.

2287, December 1, 4 p.m.

FROM KATZKI TO PEHLE WRB, ANKARA'S NO. 198.

Ambassador Steinhardt has made inquiry of the Turkish Foreign Office which informed him that it is without knowledge of the alleged issuance of 1450 Turkish passports by the Turkish Consul in Budapest (Department's 1082, WRB 130 and Embassy's 2247, Ankara's 190) to persons in Hungary threatened with deportation. Consequently it could not have disavowed the passports. I have inquired of the accredited representative in Istanbul of the JEWISH MORNING JOURNAL who informed me that this news item was not (repeat not) transmitted by him, and that he had no information regarding the subject matter. Inquiry in other directions likewise has been without result.

We would appreciate your obtaining the source of this information from the JEWISH MORNING JOURNAL in order to assist us in verifying the facts. If it should develop that this is irresponsible journalism emanating from Istanbul we shall make an effort to have it stopped. If in New York it should be stopped there.

STEINHARDT

EEC

Miss Chauncey (for the Sec'y) Abrahamson, Ackermann, Aksin, Cohn, Drury, DuBois, Friedman, Gaston, Hodel, Marks, Mannon, McCormack, Pehle, Files.

SECRETOPTEL No. 389

Information received up to 10 a.m., 1st December, 1944.

1. NAVAL

29th/30th. E-Boats attempting to mine Channel Approach Scheldt were driven off by our patrols, but others succeeded in mining Channel N.W. of Ostend. Another group unsuccessfully attacked Antwerp convoy. One of H.M. Frigates and an LST damaged by mines but reached port.

30th. One of H.M. Destroyers on patrol N.W. of Walcheren was damaged by mine but reached port.

2. MILITARY

WESTERN FRONT. French and U.S. forces continue to close in on enemy pocket west of Rhine between Mulhouse and Strasbourg. North of Strasbourg U.S. troops approaching Haguenau, and are on outskirts of Ingwiller. 3rd U.S. Army troops have reached German frontier at Point 18 M west of Saarbrücken and are fighting within 3 M of Saarlautern and of Merzig. There have been limited gains by 1st U.S. Army west of Duren and by 9th U.S. Army along line of Roer north of Julich.

ITALY. Despite continued wet weather 8th Army launched a number of attacks with limited objectives south of Russi. Some progress made against very heavy resistance. 5th Army troops made slight advance S.W. of Imola.

BURMA. 27th. Our forces occupied Paungbyin 30 miles east of Tamu and another village 13 miles S.E. of Paungbyin.

EASTERN FRONT. Russians report progress in Miskolc area, 90 miles N.E. of Budapest, further advance in their breakthrough in area of Pecs and capture of Kraljevo, 80 miles south of Belgrade.

3. AIR

WESTERN FRONT. 30th. 1239 U.S. heavies escorted by 942 fighters attacked synthetic oil plant at Merseburg (Leuna) - 925 tons, Lutzendorf near Halle - 369 tons, Bohlen near Leipzig - 148 tons, Zeitz near Leipzig - 286 tons, railway centres at Neunkirchen - 706 tons, Homberg - 371 tons and targets of opportunity - 327 tons. Results in all cases unobserved. Flak intense and accurate over oil targets, and elsewhere 25 enemy fighters sighted. 55 U.S. heavies missing and of 25 fighters missing, 21 believed landed Allied territory. Enemy casualties - 4 in combat. 158 Bomber Command aircraft (2 missing) attacked through 10/10th cloud:- coking plants at Bottrop - 312 tons, Osterfeld near Oberhausen - 312 tons, and Benzol plant at Duisburg - 51 tons. 288 medium bombers (2 missing) dropped 474 tons on 3 defended villages, M.T. Depot, and factory near Duren, railway centre at Saarbrücken and defended village in that area - results unobserved. 48 attacked Dunkirk. 922 fighters and fighter bombers (1 missing) operated successfully over Northern Battle area. Bad weather prevented air operations in Southern areas. 24 Spitfires of Fighter Command attacked rocket sites in Holland and Western Germany. 30th/1st. 720 aircraft despatched:- Duisburg - 576 (3 missing), Hamburg - 53 Mosquitoes, Hallendorf - 7 Mosquitoes, and Bomber Support - 84 (1 missing).

MEDITERRANEAN. 29th. 480 fighters and fighter bombers attacked communications in North Italy with good results.

SIAM. 27th. 54 Super Fortresses dropped 357 tons on Bensue railway yards at Bangkok with good to excellent results. Enemy casualties 6, 3, 2 in combat.

4. HOME SECURITY

Nothing during period.

COPY

CLASS OF SERVICE DESIRED	
DOMESTIC	CABLE
TELEGRAM	ORDINARY
DAY	URGENT RATE
OF	DEFERRED
OVERNIGHT TELEGRAM	NIGHT LETTER
SPECIAL SERVICE	SHIP RADIOGRAM

Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary radiogram.

WESTERN UNION

1214

33

CHECK
ACCOUNTING INFORMATION
TIME FILED

A. N. WILLIAMS
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

To TED GAMBLE, NATIONAL CHAIRMAN OF WAR FINANCE COMM. DECEMBER 2ND 19 44
 Street and No. Washington Building,
 Place Washington, DC

I AM WORRIED ABOUT SLOW SALES OF "E" BONDS. PLEASE SEND ME AIR MAIL LETTER, BY NOON SUNDAY, GIVING ME EXPLANATION AND WHAT YOU PLAN TO DO ABOUT IT. GIVE COPY TO MRS. KLOTZ AND DAN BELL.

H. MORGENTHAU, JR.

WANT A REPLY?

"Answer by WESTERN UNION" or similar phrases may be included without charge.

SENT 9.20 AM, 12-2-44, VIA TELEPHONE

Send address for reference

Sender's telephone number

34

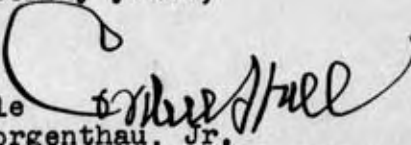
Washington, D. C.
December 2, 1944

Dear Henry,

Thank you so much for your very kind letter of November twenty-ninth. I deeply appreciate all that you say. It has been a source of great pleasure and satisfaction to have been associated with you for these many years and I shall always remain grateful to you and to your associates in the Treasury Department for your cooperation and assistance.

I do want to keep in touch with you after I have recovered my strength. In the meantime I send you and your family all good wishes for your health and happiness in the years that lie ahead.

Sincerely yours,

The Honorable 
Henry Morgenthau, Jr.
Secretary of the Treasury.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate General, Jerusalem
TO: Secretary of State, Washington
DATED: December 2, 1944
NUMBER: 179

CONFIDENTIAL

It is requested that Leavitt, Joint Distribution Committee, New York be given paraphrase of following message from Judah Magnes, Hebrew University, Jerusalem.

Departures ANESTIRYA now Constansa, TOROS AND MYRNA now being arranged Jewish Agency; 186,000 pounds estimated cost to Istanbul, 3,100 passengers. Also arranging ALSMILKA from Bulgaria, cost around 8,800 pounds, 250 passengers. Therefore, you are requested participate 80 percent of around 200,000 pounds. Agency and others considering other boat projects, in addition. It is our belief prices can be decreased. However we cannot participate negotiations to pay under existing methods so it is not possible to proceed in accordance with your proposal that agency submit projects for your approval prior to making arrangements as it takes weeks to exchange cables. It is our suggestion you authorize me to negotiate with agency JDC participation Rumanian boat projects at a cost of \$150 per passenger to Istanbul regardless of cost to agency and restricted to 5,000 passengers at this time; subject to conditions as follows (controlled by Fielderman on our behalf): (1) seaworthiness boats and number passengers transportable each, (2) priority refugees now in Rumania from other countries, and Rumanian orphans and children in addition. Full conditions telegraphed Joseph Schwartz, Lisbon.

PINKERTON

DCR:GFW
12-4-44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Madrid
TO: Secretary of State, Washington
DATED: December 2, 1944
NUMBER: 3925

CONFIDENTIAL

This message has been sent to Bern as a repeat.

Yesterday informal inquiry was made of FROF with regard to renewal of Paraguayan passports of individuals at Belsen-Berger and other camps by Spanish Embassy Berlin. However, this subject will be formally recalled December 4 by note, in view of message from the Department dated November 30, No. 3129. On November 24 delivery was made of pertinent Paraguayan note to Spanish Foreign Minister which Department's instruction 1187 contained and matter is also mentioned in Paraguayan protest which was handed yesterday to FROF. This protest was briefed in Asuncion's cable No. 654 of November 20 to Department.

Foreign Office official said it was his impression that subject had timely attention after Embassy's note of October 9, No. 3194, was received, despite Swiss report that Spanish Embassy Berlin has had instructions in premises.

HAYES

DCR:GPH

12-6-44

EMBASSY OF THE
UNITED STATES OF AMERICA

No. 3502

Madrid, December 2, 1944.

Subject: Extension of protection to Jews in Hungary by Spanish Legation at Budapest.

Confidential

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

Sir:

I have the honor to refer to my telegram No. 3896, November 29, 9 p.m., repeated to Bern and Tangier, giving the substance of Foreign Office Note No. 875 of November 16, 1944, concerning the extension of protection to additional Jews in Hungary by the Spanish Legation at Budapest. A copy and a translation of the first two paragraphs of the said Note Verbale are transmitted herewith. The third and final paragraph concerning the group of Sephardic Jews at Bergen-Belsen, Germany, has been separately treated in the Embassy's telegram No. 3873, November 28, 9 a.m., repeated to Bern, and in despatch No. 3482 of November 29, copied to Bern.

The Embassy's Note Verbale No. 3375, November 14, 1944, to which the Foreign Office Note above mentioned refers, is copied herewith. The proposal contained therein to substitute 700 Hungarian Jews who are said to be variously confined in concentration camps in Germany for the 700 Jews in Hungary to whom token admission into the Spanish Zone of Morocco had been sought (despatch No. 2374 of October 3, 1944, from the Legation at Tangier) originated with the representative of the Jewish Community at Tangier, now in Madrid, who had been in consultation with the International Committee of the Red Cross in Switzerland. The proposed substitution resulted from information received by the Ministry of Foreign Affairs from the Spanish Legation at Budapest that the puppet Government at that capital would not respect the visas whose issuance was contemplated for the purpose of bringing the 700 together under Spanish protection in Hungary pending theoretical departure in the same manner as the 500 children and 70 accompanying adults are being afforded Spanish protection at Budapest under a previous arrangement (Tangier airgram No. 199, September 12, 1944, and Embassy telegram No. 3488, October 18, 12 m., repeated to Tangier).

cc: Miss Chauncey (For the Sec'y.), Ackermann, Akzin, Cohn, Drury, DuBois, Gaston, Hodel, Marks, McCormack, Pehle, Files.

The representative of the Jewish Community at Tangier, in consultation with the International Committee of the Red Cross, believed that it would be possible nevertheless to utilize the favorable attitude of the High Commissioner at Tetuan toward the admission, in principle, of 700 Jews into Spanish Morocco for accomplishing the removal to Switzerland of the same number of Hungarian Jews from concentration camps in Germany. On subsequent telegraphic advice from the International Committee stating that, except for 320 persons from Bergen-Belsen, efforts to secure permission for departure from Germany had been fruitless, the substitutive approach was abandoned. The proposal which my Note No. 3375, November 14, 1944, seconded accordingly is being withdrawn.

Although the Foreign Ministry is not informed, as my telegram No. 3896, November 29, 9 p.m., stated, whether the Spanish Legation at Budapest considers the 700 to be included in the total of 2,300 additional Jews to whom Spanish protection is being extended, the Embassy is proceeding on the premise that the 700 are distinct, and renewal of instructions by the Ministry authorizing the issuance of visas in these cases is having the Embassy's earnest attention.

Respectfully yours,

Carlton J. H. Hayes.

Enclosures:

- 1/ Copy of Note Verbale No. 875 from Foreign Office (first two paragraphs).
- 2/ Translation of 1/ above.
- 3/ Copy of Embassy's Note Verbale No. 3375.

File No. 800
FJF:phf

In single copy to the Department
(for Ozalid machine).
Copy to Legation, Bern.
Copy to Legation, Tangier.

Enclosure No. 2 to despatch
No. 3502 of December 2, 1944,
from American Embassy, Madrid.

TRANSLATION
(in part)

Ministry of Foreign Affairs

B-1/-

NOTE VERBALE

No. 875

The Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America and in reply to the latter's Note Verbale No. 3375, of the 14th inst., has the honor to state that, in compliance with the Ministry's telegraphic orders, the Spanish Minister reports that he has succeeded in extending official Spanish protection to 300 Jews resident in that city.

Further, he has issued around 2,000 "letters of protection" with which, up to the present, he has succeeded in obviating the internment in concentration camps or the deportation of that many other Jews. These protected persons are assembled in specified houses in the city until such time as they can be transferred abroad.

.....

Madrid, November 16, 1944.

TO THE EMBASSY OF THE UNITED STATES OF AMERICA.-

Trans.:phf
Copied:phf

C O P Y

No. 3375

N O T E V E R B A L E

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs and has the honor to refer to conversations at the Ministry with an officer of the Embassy concerning some 700 Hungarian Jews who were the subject of an exchange of correspondence between His Excellency the High Commissioner of Spain in Morocco and the American Charge d'Affaires at Tangier.

The understanding of the High Commissioner in respect to the petition to His Excellency by the Jewish Community at Tangier, which petition had the support of the American Charge d'Affaires, was that the 700 persons affected possibly or probably might find it impracticable to arrange conveyance from Hungary to Morocco and that in such circumstance they would, as were the 500 Hungarian Jewish children whose entry into Morocco was agreed to in principle and who are now benefitting from the protection of the Spanish Legation at Budapest, be accorded like protective benefits in Hungary. With characteristic humanitarianism, the Ministry of Foreign Affairs authorized the Legation at Budapest to issue visas to these 700 which would have been serviceable in either contingency. The Embassy immediately informed the Department of State at Washington of this further cooperative action by the Ministry.

It is the Embassy's understanding that the Ministry of Foreign Affairs now has been informed by the Legation at Budapest that the puppet Government of Hungary declines to respect such visas and refuses either to permit the departure from Hungary of these innocent and unfortunate people or to allow them to be taken under the protection of the Spanish Legation.

In these circumstances, the representative of the Jewish Community at Tangier has asked the Embassy to support a request to the Ministry that the authorization which already has been granted, in principle, for the issuance of 700 visas to Jews resident in Hungary be transferred to the Spanish Legation at Bern for the benefit of the same number of Hungarian Jews who are suffering vile confinement in concentration camps in Germany. The said representative of the Jewish Community at Tangier states that the International Committee of the Red Cross at Bern has engaged to interest itself in arranging for the departures from Germany of these victims of Nazi cruelty and oppression.

The Embassy took the liberty of assuring the representative of the Jewish Community at Tangier that its support of the Community's petition to the Ministry of Foreign Affairs probably would be found to be superfluous in view of the latter's past initiative in placing the facilities

- 2 -

of its diplomatic and consular representative at the service of broad humanitarianism. However, in view of its past correspondence on the specific matter under discussion and for purposes of clarity, the Embassy is glad to record its interest that the visa authorization previously conveyed to the Spanish Legation at Budapest be transferred to the Spanish Legation at Bern to cover the 700 Hungarian Jews in concentration camps in Germany with whom the Jewish Community at Tangier now is most immediately concerned.

Madrid, November 14, 1944.

FJF:phf

Copied:phf

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: December 2, 1944
NUMBER: 7901

CONFIDENTIAL

Duplicate of Honduran passport has been received from private source for delivery through Swiss. This passport was issued at Bern May 21, 1943 (No. 625) by former Honduran Consul General Alfonso Bauer. It is valid for one year and was issued in name of Ephraim Packer born November 29, 1914 at Amsterdam and wife Frimet Anselde Packer. It is claimed these individuals are at Auschwitz, and that original of passport went to Intercross delegate at Berlin and has not been returned nor delivered.

Provided citizenship of these individuals is confirmed by the Honduran Government, Swiss are willing to forward passport which Legation holds to Swiss Legation, Berlin. In addition, Department may desire to make inquiry with regard to possible extension of validity of document. Meanwhile, Swiss requested try give help in accordance with declaration of Honduran Government which Department's message of May 10, No. 1632, contained.

HUDDLE

DCR:GPW
12-4-44

JP-952

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

Ankara

Dated December 2, 1944

Rec'd 6:46 p.m., 3rd

Secretary of State

Washington

2294, December 2, 7 p.m.

FROM KATZKI TO PEHLE, WAR REFUGEE BOARD

Ankara's No. 199

For your information I have received the following telegram despatched November 30 from HIASICA emigration association representation now in Bucharest.

"In view exceedingly drastic relief situation a rising from steady influx refugees from Hungary and Transylvania aggravating relief problems already created by other categories your presence here urgently essential".

Although the relief problem in Rumania may not be within scope of War Refugee Board activities, the influx of refugees from Hungary and the acceleration thereof probably is.

The foregoing is for your information to supplement Embassy's 2257, Ankara's 192.

STEINHARDT

EMB

NOT TO BE RE-TRANSMITTED

COPY NO. 7

TOP SECRET

OPTTEL No. 390

Information received up to 10 a.m. 2nd December '44.

1. MILITARY

WESTERN FRONT. French and U.S. troops have continued to close in upon the German pocket around Colmar. West of Hagenau U.S. troops have gained from one to three miles on 18 mile front. Unconfirmed reports state river Saar reached at points 3½ miles N.W. and 2½ miles South Merzig.

ITALY Some progress East of Faenza between Lamone and Montone Rivers. Indian troops of Fifth Army have occupied several heights N. W. of Modigliana thereby decreasing German salient S.W. of Faenza.

EASTERN FRONT. In Czechoslovakia Russian troops have forced the Ondava River and occupied town and railway junction of Trebisov. In Hungary they have captured several localities North and North-East of Pecs.

2. AIR

WESTERN FRONT 30TH/1ST. Duisburg. 2270 tons dropped through cloud; sky markers accurately placed and concentrated.

1st. Weather deteriorated. 134 U.S. Marauders attacked defended localities Saarlautern area 231 tons with unobserved results, 917 Fighters and Fighter Bombers - 8 missing - operated over the battle areas; 4 German aircraft shot down.

1st/2nd. Bomber Command sent out 106 aircraft of which 69 Mosquitoes attacked Karlsruhe through cloud. All returned.

MEDITERRANEAN. 29th/30th. Fortresses dropped 39 tons. Benzol plant Linz through cloud.

30th. Bad weather continued. 287 medium and fighter bombers and fighters attacked railways Milan area and in North Po Valley; direct hits scored on 2 bridges and results generally good.

3. HOME SECURITY - to 7 a.m. 2nd.

1st. Eight Rocket incidents.
1st/2nd. 3 Rocket incidents.

12-4-44

From Mr. O'Connell; **The Commission met on Friday; heard Heller and Hurley, both standing up very well. No decision has been rendered as yet and one is not expected until tomorrow (Tuesday), after which time it is expected to go to the Senate on Wednesday. Sen. Taft of the Republican Steering Committee, announced**



TREASURY DEPARTMENT

WASHINGTON

December 3, 1944

Dear Mr. Secretary:

We have, as in past drives, been watching the E Bond sales daily with a view of taking every possible step that could be taken during the drive itself to guarantee the attainment of this important part of our quota. Despite the fact that we went into this drive seven reporting days later than the June drive, which started on the 12th, we had only \$37 million more money in E Bond sales up to the 20th of November than we had when we started our Fifth War Loan Drive on the 12th of June. The beam, therefore, provided for a greater backlog of sales than we started out with in the Sixth War Loan.

We never know when some of our credits are going to come during the drive, and during the month of June we received Army and Navy sales credits alone of \$150 million which, largely due to bookkeeping, was offset by only \$60 million worth of similar credits in November. If this one credit had been the same, then we would be just about on the beam today.

In the first eleven days of reporting, which are all we have had in this drive, we have credited \$525 million in E Bond sales against \$522 million in E Bond sales for the first eleven reporting days in the Fifth War Loan Drive, but, as above stated, the Fifth War Loan Drive started off with this earlier credit which, for whatever the total will amount to, we have yet to get in the present drive.

Too, because our drive started on the 20th of the month, there are many activities, such as bond premieres, free movie days, plant rallies, and special drives, that will take place in early December which have not yet been felt, but which were included in part in the Fifth War Loan Drive because it opened earlier in the month.

However, despite this explanation, we too have had some concern here about the sales because we would, of



course, be more comfortable with some cushion to provide for eventualities which might take place in any drive and which could not be met with a deficit.

In the past few days we have had a crew here, under Mr. Engelsman, contacting by phone the heads of 50 of the largest corporations in the country whose record was not too good in the past drive. All of these firms employ over 5,000 people, and the action we have taken has disclosed that they are doing a better job than before in many instances and, as a result of the calls, we have had assurances that their total sales by the end of the drive would exceed those in the Fifth War Loan.

In the past few days we have had 100 of the largest banks in the country contacted with the idea of making certain that the planning which we had done in this field was resulting in a drive activity.

Every day for the past week we have sent specific information to each of our State organizations with respect to E Bond sales problems in their communities and requesting not only action on this but reports to us as to what could be expected from their particular States in regard to E Bond accomplishments for the drive. We have directed them to review and to tighten payroll savings drive machinery which, even at this advance date, can respond to attention where needed. We had already made plans to put a crew of 20 of our key people to the task in the next few days of calling personally the heads of the 500 largest corporations in America who employ some 10 million people, or roughly just under half of our payroll market in this country, with a view of further supporting the work that is being done in the field.

We are having here in Washington in the next two days the heads of the Retailer War Council, the War Activities Committee of the Motion Picture Industry, and the campaign chairmen of the American Bankers Association to put into motion specific steps in the establishments in their respective groups to guard against any letdown because of the impending holidays.

We have done a similar job already in the media field to make sure that Christmas advertising did not detract from the kind of support we need in every drive

-3-

from radio, newspapers, outdoor, motion picture screens, etc. At the moment we are running newspaper advertising 13.3% over any previous drive, but if we didn't guarantee against the holiday problems, we could easily lose this favorable position. This has been done in every field.

As you have undoubtedly observed, we are running ahead for the first time in any of these drives in the important area of sales of securities other than E Bonds to individuals. We are \$210 million over the beam in these sales and, subtracting the apparent E Bond deficiency from it, we are still running \$102 million over the beam in total sales to individuals against our \$5 billion quota. Because this has always been one of our toughest problems, we emphasized throughout the country in this past drive the need for solicitation among self-employed, professional individuals and among the \$500 and upward purchasers that we have not effectively reached in previous drives. The results that we are getting seem to indicate that a good job is being done in this direction.

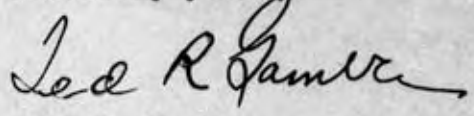
The only task that any of us has before us here now is that of seeing that nothing is left undone to guarantee the success of the E Bond sales. We are not the least bit complacent about it, because we have always been worried about the effects of the Christmas season on a job that requires covering as many bases as must be covered when you have to sell 50 million people an E Bond in any one of these operations.

I do not feel that you need have too much concern on this date regarding the outcome of E Bond sales, and I say this with the knowledge that you know that we have nothing but concern about them here until it is finally reached. When and if I feel that we are really in hot water on this, and we can tell after watching the next five or six days' sales, I will communicate that word to you.

In the meantime, through last night we were running \$2600 million over the beam in total sales, with \$8941 million in. This would indicate that we would get as good a result in the overall as you have wanted.

Trusting that you have found Sahuaro Lodge an ideal place to relax and get a much-needed rest, I am, with all good wishes,

Sincerely yours,



Ted R. Gamble
National Director
War Finance Division

The Honorable Henry Morgenthau, Jr.
Secretary of the Treasury
c/o Sahuaro Lodge
Mesa, Arizona

P.S. In the meeting which we held here today, Sunday, we felt that it would be a good idea, in addition to all of the aforementioned steps, to communicate a special message from you to the Chairmen which we are sending out tomorrow, urging them to check every issuing agency in their communities and go on record with you as to what they think their campaigns will result in with regard to E Bond sales for the drive period.

Treasury Department
Division of Monetary Research

50

Date December 27 1944

To: Secretary Morgenthau

I think you will be interested
in reading this cable on Germany which
Aarons forwarded from London.

H.D.W.

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

Typed by JTV

CLEAR

DECEMBER 5, 1944.

FRICE BERN

AMBASSY

LONDON

2335

Following sent department:

7869 Second

Sequence Legation's 7700 (London 2252) November 23.

Germany:

Necessary avoid overestimation effects eventual loss industry
~~left side Rhine on German armament production as transfer industry~~
 left side Rhine on German armament production as transfer industry
 from there progressed particularly well. Menace Ruhr district more
 important although loss thereof still might not necessarily entail
 rapid breakdown. Fact German armament capacity not more reduced
 despite large scale air raids due transfer war industry to Bavaria,
 mountains or underground. While describing inner situation Germany
 pessimistically all informants report absence acute danger revolution.
 Overworked apathetic population lacks decision initiative. Foremost
 preoccupation Government continues full employment population also dur-
 ing spare time example women Siemens plants obliged appear place work
 even when work suspended due shortage raw materials. Thereby keep
 people under surveillance who otherwise could sap morale by complaints
 or spreading rumors. Recently endeavoring combat menace foreign
 compulsory workers through propoganda. 70 French collaborationist
 journalists issuing newspapers for war prisoners wherein indicate
 prisoners immediately be shot as collaborationists if return home.
 Morale Austria seems considerably worse than Germany and Russian ad-
 vance Hungary occasionally caused panic. Besides Germans numerous
 Austrians flee to Bavaria as party spreading rumors concerning
 atrocities Russian occupation Balkans order prevent eventual collab-
 oration with Russians. Trains to Germany so overfilled often obliged
 wait three days before travel possible. Transferring Austrian val-
 uables to Germany.

End to 194 from page 1 -

Backes Sunday speech concerning 1945 production campaign clearly revealed seriousness supply situation to population. Shortage fertilizers and necessity render different regions Germany independent deliveries from causes nearly unsolvable problems for farmers. Potato supply particularly critical. Despite all thrift and encouragement production drastic decrease food rations beginning next year be unavoidable. Leading financial circles estimate present debt 500 billion marks.

Repeated London

HUDDLE.



NOT TO BE RE-TRANSMITTEDCOPY NO. 1SECRETOFTEL No. 191

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

1. MILITARY

WESTERN FRONT. Germans withdrawing slowly west of Mulhouse. Further progress made south and southwest of Strasbourg. Third U.S. Army troops have reached Saar River north and south of Merzig. Heavy fighting continues west of Duren. Leading troops Ninth U.S. Army have reached outskirts Linnich and Julich.

ITALY. Canadians on right flank Eighth Army began an attack directed northwards between the Montone and Lamone at 9 a.m. 2nd. Good progress; opposition light at first, but increased as advance proceeded. Latest reports place our forward troops in close contact along line running approximately 1½ miles south of Russi. Good weather enabled effective close support from the air. On right flank Fifth Army, Indian troops further diminished enemy salient between Brisighella and Casola Valsenio.

EASTERN FRONT. In Southern Hungary Russians have captured Dombovar and Kaposvar, N.W. of Pecs.

2. ALG

WESTERN FRONT. 2nd. 455 escorted Fortresses and Liberators (11 bombers, 7 fighters missing) were sent to Western Germany, but 160 abandoned task owing to bad weather. Remainder attacked following railway centres blind through cloud: Oberlahnstein, near Coblenz, 416 tons and Bingen - 321. Enemy casualties 34, 3, 7. 92 Lancasters (1 fighter missing) dropped 485 tons through cloud on Hanse Benzol Plant, Dortmund. Bombing believed well concentrated. 324 medium and light bombers (6 missing) dropped 343 tons on defended localities Saarlouis and Freiburg areas with varied results, and 72 others (1 missing) bombed Dunkirk blind. 916 fighters and fighter bombers (15 missing) operated over the battle area. 40 locomotives and nearly 400 rail and road vehicles destroyed. Enemy casualties 11, 0, 8.

2nd/3rd. 666 Bomber Command aircraft despatched: Hagen, south of Dortmund - 504 (2 missing), Giessen - 66, Bomber support - 96 (1 missing). Hagen bombed through cloud with unobserved results.

MEDITERRANEAN. 1st. 586 tactical aircraft attacked communications Po Valley and on Brenner route.

3. HOME SECURITY

3 to 7 a.m. 3rd. 2nd. 3 rockets reported. 2nd/3rd. 2 rockets reported.

TREASURY DEPARTMENT

WAR FINANCE DIVISION
EXPENSES OF LOANS

WASHINGTON, D. C., DECEMBER 4, 1944

PLEASE SEND AS NIGHT LETTER TO NAMES ON ATTACHED LIST EXCEPT NAVY RADIO TO ALASKA, HAWAII, AND PUERTO RICO:

I AM ENCOURAGED BY THE GENERAL PROGRESS OF THE SIXTH WAR LOAN DRIVE. IT REFLECTS CAREFUL ORGANIZATION AND AGGRESSIVE SALES EFFORT. IT IS TOO EARLY TO KNOW THE TRUE PROGRESS OF E BOND SALES DUE TO THE REPORTING PROBLEMS WITH WHICH YOU ARE FAMILIAR. IN ORDER THAT WE MAY KNOW EXACTLY WHERE WE STAND AND INASMUCH AS THE PRELIMINARY TOTALS OF E BOND SALES HAVE US WORRIED I WILL APPRECIATE WORD FROM YOU BY WIRE OR AIRMAIL AS TO YOUR OPINION OF E BOND PROSPECTS IN YOUR STATE. THIS MAY NECESSITATE CONTACT WITH MANY OF YOUR ISSUING AGENTS WHO ARE IN KEY POSITIONS TO GIVE YOU A REPORT OF SALES EXPECTANCY. THIS IS OF SUCH IMPORTANCE THAT I BELIEVE YOUR REPORT AT THIS STAGE OF THE DRIVE WILL BE OF GREAT VALUE TO US HERE.

H. ROSENTHAU, JR.

TRG:RPP

- 1 -

Marc Ray Clenont
War Finance Committee
2002 Comer Building
Birmingham, Alabama

Walter R. Binson
War Finance Chairman
215 New Post Office Bldg.
Phoenix, Arizona

W. W. Campbell
War Finance Chairman
114 East Capitol Avenue
Little Rock, Arkansas

Philip K. Alexander
War Finance Chairman
17th and Stout Streets
Denver, Colorado

Eugene E. Wilson
War Finance Chairman
36 Pearl Street, Room 523
Hartford, Connecticut

Henry T. Bush
War Finance Chairman
1064 Hotel duPont Building
Wilmington, Delaware

W. W. McEachern
War Finance Chairman
404 Federal Building
Jacksonville, Florida

Robert A. McCord
War Finance Chairman
1202 Citizens and Southern
National Bank Bldg.
Atlanta, Georgia

John A. Schoonover
War Finance Chairman
634 Idaho First Natl. Bank Bldg.
Boise, Idaho

Eugene C. Pulliam
War Finance Chairman
816 Illinois Building
Indianapolis, Indiana

Vernon L. Clark
War Finance Committee
800 Walnut Building
Des Moines, Iowa

T. Laird Dean
War Finance Chairman
208 Federal Building
Topeka, Kansas

Ben Williamson, Jr.
War Finance Chairman
808 Second Natl. Bank Bldg.
Ashland, Kentucky

S. Albert Phillips
War Finance Chairman
510 Republic Building
Louisville, Kentucky

Leon G. Tujague
War Finance Chairman
512 Pan American Bldg.
New Orleans, Louisiana

Phillips H. Fayson
War Finance Chairman
142 High Street
Portland, Maine

Frank W. Wrightson
War Finance Chairman
601 Maryland Trust Building
Baltimore, Maryland

O. J. Arnold
War Finance Chairman
570 Northwestern Bank Bldg.
Minneapolis, Minnesota

Rex I. Brown
War Finance Chairman
1005 Lampton Building
Jackson, Mississippi

A. T. Hibbard
War Finance Chairman
28 Union Bank Building
Helena, Montana

W. Lale Clark
War Finance Chairman
636 World-Herald Building
Omaha, Nebraska

Forest Lovelock
War Finance Chairman
35 East 4th Street
Reno, Nevada

R. A. Soderlund
War Finance Chairman
922 Elm Street
Manchester, New Hampshire

Cale W. Carson
War Finance Chairman
101 Federal Building
Albuquerque, New Mexico

Clarence T. Leinbach
War Finance Chairman
c/o Wachovia Bank & Trust Co.
Winston-Salem, North Carolina

F. L. Conklin
War Finance Chairman
Neirling Block
Jamestown, North Dakota

A. E. Bradshaw
War Finance Chairman
203 Drew Building
Tulsa, Oklahoma

E. C. Sammons
War Finance Chairman
1233 American Bank Building
Portland, Oregon

Roderick Pirnie
War Finance Chairman
1808 Industrial Trust Building
Providence, Rhode Island

Christie Benet
War Finance Chairman
1401 Hampton Street
Columbia, South Carolina

Walter H. Burke
War Finance Chairman
Post Office Building
Sioux Falls, South Dakota

G. Cecil Woods
War Finance Chairman
170 Fourth Avenue
Nashville, Tennessee

Judson S. James, Jr.
War Finance Committee
Dallas Power & Light Bldg.
Dallas, Texas

Charles L. Smith
War Finance Chairman
19 West South Temple Street
Salt Lake City, Utah

Fred C. Martin
War Finance Committee
135 Main Street
Burlington, Vermont

Francis P. Gaines
War Finance Chairman
214 North Fifth Street
Richmond, Virginia

Wm. C. H. Lewis
War Finance Committee
901 Federal Office Bldg.
Seattle, Washington

A. C. Spurr
War Finance Chairman
608 Security Building
Charleston, West Virginia

Walter Kasten
War Finance Chairman
735 North Water Street
Milwaukee, Wisconsin

A. E. Wilde
War Finance Committee
303 Federal Building
Cheyenne, Wyoming

Howard D. Mills
War Finance Division
621 South Spring Street
Los Angeles, California

VIA NAVY RADIO
Governor Ernest H. Gruening
War Finance Chairman
Juneau, Alaska

Fred H. Kanne
War Finance Chairman
1055 Bishop Street
Honolulu, Hawaii

Raphael H. O'Malley
War Finance Committee
c/o Hon. Jean S. Whittemore
U. S. Customs House
San Juan, Puerto Rico

- 3 -

TELETYPE STATIONS

Wm. W. Crocker
 War Finance Chairman
 733 Monadnock Building
 San Francisco, California

Robert H. Moulton
 War Finance Chairman
 621 South Spring Street
 Los Angeles, California

Renslow P. Sherer
 War Finance Chairman
 105 West Adams Street
 Chicago, Illinois

F. Winchester Denio
 War Finance Chairman
 79 Milk Street
 Boston, Massachusetts

Frank H. Isbey
 War Finance Chairman
 600 Union Guardian Building
 Detroit, Michigan

Walter W. Head
 War Finance Chairman
 208 North Broadway
 St. Louis, Missouri

Franklin D'Olier
 War Finance Chairman
 972 Broad Street
 Newark, New Jersey

Frederick W. Gehle
 War Finance Chairman
 1270 Sixth Avenue
 New York, New York

Phil J. Trounstine
 War Finance Chairman
 536 Union Commerce Building
 Cleveland, Ohio

G. Ruhland Kebmann
 War Finance Chairman
 12 South Twelfth Street
 Philadelphia, Pennsylvania



TREASURY DEPARTMENT

WASHINGTON 25



December 4, 1944

To: Secretary Morgenthau

From: J. W. Pehle

The following items may be of interest to you in connection with my new assignment.

1. Personnel.

(a) Parsons, formerly in charge of Treasury appropriations at the Budget Bureau, reported to me on Friday as the top administrative man. He is an exceptionally capable person and will do a great deal to add strength to the organization, which it badly needs.

(b) I had a talk with Duncan the day my appointment was announced and he volunteered to stay as long as he was needed.

(c) Atcheson, the Marshall Fields man, has, as you probably know, been planning to leave. Olrich called me on Friday from Chicago to offer his services whenever needed, and also told me he would speak to Marshall Fields about Atcheson continuing with us for another month.

2. I have just been getting the essential facts in connection with the 20 million flash light batteries, which has already been the source of a considerable amount of criticism. No sales were effected and a new plan of sale is being prepared at a new price schedule, which will be cleared with O.P.A.

- 2 -

3. In lieu of Mr. Olrich taking a trip to Hawaii to set up the offices there, we are working out a different arrangement. It does not seem to me the matter is quite as urgent as it was made to appear.

4. It seems clear that there will have to be considerably more work done in strengthening the regional offices, particularly the office in New York City.

5. There is a great deal of work to be done in coordinating the activities of the entire Division here in Washington, as well as the relations between the Washington office and the field. In this connection, one of the first tasks will be to find a good man to head up the Office of Surplus Property since I do not intend to try to perform the duties assigned to me as Assistant to the Secretary in charge of both Procurement and Surplus Property and, at the same time, act as Director of the Office of Surplus Property, as Mr. Olrich tried to do.



EMBASSY OF THE
UNITED STATES OF AMERICA

60

Madrid, December 4, 1944

No. 3513

Subject: Issuance of new Paraguayan passports to persons at Belsen-Bergen and other concentration camps in Germany.

Confidential

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

Sir:

With reference to the Department's telegram No. 3129, November 30, 4:00 p.m., and to my No. 3925, December 2, 4 p.m. and to previous correspondence concerning authorization of the issuance by the Spanish Embassy at Berlin of new Paraguayan passports in substitution for expiring passports of persons at Belsen-Bergen or in other German concentration camps, I have the honor to transmit herewith a copy of my note No. 3496, December 4, 1944 to the Spanish Foreign Office in the premises.

2/ There is also enclosed a copy of my note No. 3428, November 24, 1944 which transmitted to the Foreign Office the Paraguayan Foreign Minister's note accompanying the Department's instruction No. 1187, November 7, 1944 on the same subject.

Respectfully yours,

/s/ Carlton J. H. Hayes
Carlton J. H. Hayes

Enclosures:

- 1/ Copy of note No. 3496,
December 4, 1944.
- 2/ Copy of note No. 3428,
November 24, 1944.

File No. 704
FJF:ef

In single copy to the Department (for Csalid machine)
Copy to Asuncion
Copy to Bern

cc: Miss Chauncey (For Fed'y), Ackermann, Akain, Cohn, Bruvy,
DuBain, Gaston, Hodel, Marks, McCornack, Fehle, Files.

61

Enclosure No. 1 to despatch No. 3513 dated December 4, 1944 from Carlton J. H. Hayes, American Ambassador, at Madrid, Spain on subject of Issuance of New Paraguayan Passports to Persons at Belsen-Bergen and Other Concentration Camps in Germany.

copy

No. 3496

NOTE VERBALE

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs and has the honor to refer to its Note No. 3194, October 9, 1944, stating that instructions had been received to communicate to the Spanish Government on behalf of the Government of Paraguay the latter's authorization to the Spanish Embassy at Berlin to issue new passports in replacement of expired or proximately expiring passports held by persons at Belsen-Bergen and in other concentration camps in Germany or in German-controlled territory to whom the protection of the Paraguayan Government has been extended.

The Embassy refers also to the Note of the Minister of Foreign Relations of Paraguay to the Minister of Foreign Affairs of Spain which was transmitted to the Ministry by its note No. 3428 of November 24, 1944, and to the third and fourth paragraphs of its Note No. 3464 of November 29, 1944, concerning Paraguayan documentation.

The Embassy is now in the receipt of a telegram from the Department of State at Washington stating that it has been reported by Swiss authorities that the Spanish Embassy at Berlin asserts that it has received no instructions concerning the issuance of new passports to persons in the described circumstances as desired and authorized by the Government at Asuncion.

The Embassy accordingly has the honor to request that it be informed, for onward transmission to Washington and Bern, of the date and manner of communication of the Ministry's instructions to the Embassy at Berlin in the premises; or, should it be discovered that, through inadvertence, the aforesaid instructions were not sent to the Embassy at Berlin, it would be appreciative if their expedition might now be accorded the Ministry's preferential attention.

Madrid, December 4, 1944.

File No. 704

FJF:phf

C
O
P
Y

Enclosure No. 2 to despatch No 3513 dated December 4, 1944 from Carlton J. H. Hayes, American Ambassador, at Madrid, Spain on subject of Issuance of New Paraguayan Passports to Persons at Belsen-Bergen and Other Concentration Camps in Germany.

No. 3428

NOTE VERBALE

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs and has the honor herewith to transmit by instruction of the Department of State at Washington and by request of the Ministry of Foreign Relations at Asuncion, an envelope addressed by the latter to the former Ministry.

According to the transmitting instruction to the Embassy, the note of the Paraguayan Ministry authorizes the Spanish Government to renew the expiring passports of the numerous persons in German concentration camps who are in the possession of such Paraguayan documentation.

Madrid, November 24, 1944.

EMBASSY OF THE
UNITED STATES OF AMERICA

63

No. 3504

Madrid, December 4, 1944.

Subject: Protection to Jews in Hungary by Spanish Legation at Budapest.

Issuance of 700 Spanish visas for entry into North Africa, in principle.

Confidential

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

Sir:

I have the honor to refer to my last previous despatch (No. 3502 of December 2, 1944) on the subject of the "Extension of protection to Jews in Hungary by the Spanish Legation at Budapest" and to my telegram No. 3912, December 1, 7 p.m., stating that instructions had been cleared and were being telegraphed by the Foreign Office authorizing that Legation to issue 700 visas to Jews in Hungary under the fiction of intention to proceed to Spanish North Africa, whereinto their admission, in principle, has concerned the American Charge d'Affaires and the Jewish Community of Tangier.

The despatch reported that the representative of the said Jewish Community, who is presently at Madrid, had consulted with the International Committee of the Red Cross and had thereafter reverted to the original proposal set forth in Tangier despatch No. 2374 of October 3, 1944, and enclosures. The visa authorizations now communicated to the Spanish Legation at Budapest are intended to enable the assemblage at some central shelter under the care and protection of the International Red Cross of groups now suffering from want and exposure at various outlying camps in Hungary in the manner that the 500 Hungarian Jewish children and 70 accompanying adults are already assembled and protected near Budapest through similar initiative at Tangier. The proponents have faith that the visas will be accepted by the Government at Budapest for the described effect.

1/ There is transmitted herewith for purposes of record a copy of a memorandum of November 30, 1944, which was presented at the Foreign Office on the following day at the conversation which preceded my telegram No. 3912, December 1, 7 p.m., above mentioned.

Respectfully yours,
Carlton J. H. Hayes.

Enclosures

1/ Copy of Memorandum of Nov. 30, 1944.

Single copy to Dept.
Copy to Legation, Bern.
Copy to Legation, Tangier.

COPY

MEMORANDUM

The representative of the Jewish Community of Tangier has informed the Embassy of the receipt of telegraphic information from the International Committee of the Red Cross in Switzerland that discouraging precedent indicates that it will be impracticable to obtain the consent of the German Government to the departure for Switzerland of 700 Hungarian Jews from concentration camps in Germany.

Accordingly, the representative of the Jewish Community at Tangier has desired the Embassy to withdraw the proposal submitted by Note Verbale No. 3375 of November 14, 1944, that the issuance of Spanish visas to 700 Hungarian Jews in Germany be authorized in order to facilitate their departure for Switzerland, whereto entry had been arranged. Instead, it is now desired to revert to the original proposal which was the subject of an exchange of communications between the High Commissioner at Tetuan and the American Charge d'Affaires at Tangier. This original request will be recalled to have been for the issuance by the Spanish Legation at Budapest of visas to 700 Hungarian Jews to whose admission into the Spanish Zone of Morocco the High Commissioner had assented, in principle, in order that they might have the benefit of Spanish protection while sheltered and cared for by the International Red Cross pending theoretical possibility of their departure from Hungary. Such arrangement, through the humanitarian cooperation of the Ministry, is already in successful effect in respect to 500 Hungarian Jewish children and 70 accompanying adults who have been similarly assembled at Budapest for protection.

The Embassy is glad to support the request made to the Ministry by the Jewish Community of Tangier through its representative, Sonora de REICHMANN. The latter has stated her understanding that the 700 persons who will benefit by the anticipated instructions to the Spanish Legation at Budapest are distinct from the 300 and 2,000 who are mentioned in the Ministry's Note No. 875 of November 16, 1944.

Madrid, November 30, 1944.

FJF:phf

Copied:phf

Miss Chaunegy (for the Sec'y) Ackermann, Akzin, Drury, Cohn, DuBois,
Gaston, Hodel, Marks, McCormack, Pehle, Files

MOB-1215
Distribution of
true reading only by
special arrangement.
(SECRET W)

Stockholm

Dated December 4, 1944

Rec'd 9:58 p.m.

Secretary of State,
Washington.

4960, December 4, 7 p.m.

About our comment added to No. 107 for WRB the following information has been obtained. This is our number 108 for WRB. For the past three years Germany has directed that no Christmas packages would be accepted for delivery after December 8 on account of communication difficulties. Upon thorough investigation here by Filseth, it is found that no restrictions have been imposed by Germans this year on individual packages. However, large bulk shipment will not be accepted after December 8. Therefore, small individual packages will continue to be sent.

JOHNSON

WMB

CABLE TO AMLEGATION BERN, SWITZERLAND, FOR MCCLELLAND

1. In accordance with Department's general request for names and othe[?] data regarding persons alleging the possession of American citizenship now interned in Bergen-Belsen (reference Radio bulletin November 17, number 277), Katzki requested the representatives of Jewish Agency and Agudath Israel in Istanbul to telegraph such information, including that concerning holders of Latin American passports, to their representatives in Switzerland for delivery to you. The representatives are for the Jewish Agency, Dr. Chaim Pozner, 8 rue Petitot, Geneva, and for Agudath Israel, Maitre Mathieu Muller, rue de Deux Ponts 30, Geneva.

2. The following is the substance of a cable from Katzki dated November 29:

QUOTE According to reports from Geneva just received by Jewish agency representatives in Istanbul, the position of the remainder of Hungarian Jewry has reached a climax. Deportations to Germany many persons being forced to travel on foot have been proceeding very actively during recent days. The project for the emigration of the 8,600 Palestine certificate holders again has been stopped. The deportees are in great need. Funds also are required for hiding people facing deportation and for aiding their escape from Hungary.

QUOTE Intervention and assistance by the International Red Cross are not sufficient and the aid of England and the United States to stay the deportations and to protect the certificate holders is urgent the report concludes. UNQUOTE

Your comments concerning this report and information regarding any action undertaken by you in this connection would be appreciated.

THIS IS WRB BERN CABLE NO. 308.

10:15 a.m.
December 4, 1944

CABLE TO AMLEGATION BERN, FOR MCCLELLAND

Reference your 6938 of October 19 and Department's 3648 of October 26.

The following is the substance of a reply received from Apostolic Delegate in Washington, dated November 30, to our letter transmitting information contained in your 6938:

QUOTE The Acting Secretary of State of His Holiness has just informed me that, according to information received from the Apostolic Nuncio in Slovakia, the persons in question were actually removed to Germany about the middle of October. The Apostolic Nuncio has made repeated and insistent requests to the Slovak Government to be advised as to the place to which these individuals were transferred, but the Slovak authorities declare that they are ignorant of this destination. Nevertheless, the Apostolic Nunciature is continuing its lively interest in the matter and will report later should further news be forthcoming. UNQUOTE

THIS IS WRB BERN CABLE NO. 309.

10:15 a.m.
December 4, 1944

EHF-1140
Distribution of true
reading only by special
arrangement. (SECRET W)

Hern
Dated December 4, 1944
Rec'd 6:38 p.m.

Secretary of State,
Washington.

7929, December 4, 4 p.m.

Documents mentioned our 7602, November 17 reference which are photostat translations of nationality certificates were subject of Swiss informal communication dated November 20. This stated that it would not be possible on basis these photostats to have Swiss Legation Budapest inform Hungarian Government that persons concerned possess Salvadoran citizenship. Swiss expressed willingness to give appropriate instructions to Budapest regarding protesting provided the original documents or notarized copies specifically stating that originals of the documents are in custody of a Swiss authority are received. Subsequently Legation was furnished photostat copies of above mentioned nationality certificates bearing nortarization merely stating that attesting notary had seen originals of the documents. These notarized papers were informally presented to Swiss Foreign Office November 29 together with similarly notarized photostats of 100 additional nationality certificates all issued by Mantello in Geneva.

In view of volume of these documents all issued by Mantello Swiss have reexamined their previously expressed position and have now decided they can cooperate in this matter only if originals of the documents are supplied them upon receipt of which they will make photostats at Foreign Office and send these photostats to Budapest with appropriate notarization. However, this action is conditioned on either (one) that Salvadoran Government confirms citizenship of individual persons in whose names documents are issued or (two) that said Government makes blanket statement that it considers valid all documents issued by Mantello specifically naming him.

Because of situation mentioned final paragraph Department's 3648 October 26 Legation made no statement concerning possibility of complying with either of two above mentioned Swiss conditions the lot of Salvadoran

documents

-2- #7929, December 4, 4 p.m., from Bern

documents have been returned to Mantello at his request. His further action in connection therewith is unknown to Legation.

On inquiry Swiss have expressed view that it would be inadvisable for them to accept and transmit to Swiss Legation Budapest lists of persons on whose behalf Mantello has issued documents since such action would direct attention of German and Hungarian authorities to persons not physically in possession of Latin American documentation and might place their lives in jeopardy.

Instructions from Department and WRB are requested.

HUDDLE

JMS

SECRETOPTEL No. 392

Information received up to 10 a.m.; 4th December, 1944.

1. NAVAL

An Auxiliary Minesweeper, South African manned, has been sunk by mine in Legéan. 9 survivors. One of H.M. Submarines during recent patrol Strait of Malacca probably destroyed 2 coasters and sank 3 junks.

2. MILITARY

WESTERN FRONT. French troops have continued to make progress northwards from the Mulhouse area and eastwards through the Vosges. Troops of 7th U.S. Army have gained about 5 miles and are in streets of Selestat and have also advanced southwards from Benfeld. Germans have been forced from area on west bank of Rhine near Strasbourg and in retreating have blown up 3 bridges across the Rhine. S.E. of Saarunion U.S. forces have gained approximately 2 miles. Third U.S. Army made further gains in its drive through the Saar. On its right flank Saarunion was entered while further left other troops forced their way into Saarlouis and extended their control of the West bank of the Saar above and below Merzig. First U.S. Army in the Ruhr made little headway after very heavy fighting, but troops of Ninth U.S. Army captured Linnich and 2 more towns S.E. of it on River Roer. On British front a completely successful attack was made at dawn 3rd to clean up the area immediately west of Venlo. In the Arnhem area the enemy broke a dam on the 2nd which caused considerable flooding. Our forces have been withdrawn behind the De Linje Canal.

ITALY. The attack northward between Rivers Lamone and Montone is making good progress. Forward elements are now at points N.W. and E. of Russi, having by-passed the town.

EASTERN FRONT. Russians have captured Satoral'auhely and Miskolc in Northern Hungary, while south of Budapest they have widened their bridgehead west of Danube.

EURMA. Kalewa has fallen to our troops.

3. AIR

WESTERN FRONT. 2nd/3rd. Hagen - 1818 tons and Giessen - 69. Both attacked through cloud.

3rd. 208 escorted aircraft of Bomber Command abandoned an attack on Western Germany owing to adverse weather. 107 medium bombers (2 missing) successfully attacked targets in North and Central battle areas. 1318 aircraft (7 missing) flew reconnaissances over the whole battle front, provided support for land forces and cut railways in 44 places. Two German aircraft destroyed.

MEDITERRANEAN. 2nd. 501 escorted heavy bombers (8 bombers, 1 fighter missing) bombed oil refineries Blechhammer - 419 tons, Odertal - 133 and Vienna - 168. Results fair. They also made small subsidiary attacks on two railway centres in Austria and on targets of opportunity with unobserved results. 160 Mitchells obtained direct hits on three bridges on the Brenner line and 1215 aircraft operated over the battle area, cutting railways in 62 places and destroying or damaging 9 locomotives, 185 railway wagons and 58 motor vehicles.

4. HOME SECURITY

3rd. Eight rockets reported.
3rd/4th. Two rockets reported.

Treasury Department

71

TELEGRAPH OFFICE

COPY MRS KDOTZ

WU3 59 GOVT COLLECT

1944 DEC 5 AM 8 18

TD PHOENIX ARIZ DEC 4 1944 907P

DANIEL BELL

TREAS DEPT

SATURDAYS NEW YORK TIMES REPORTS THAT LEON FRASER MAY BE
APPOINTED TO STATE DEPARTMENT. IF TRUE PLEASE TELL MR STETTINIUS
THAT I AM OPPOSED TO HIS APPOINTMENT, FOR MANY REASONS ONE OF WHICH
BEING HIS STAND ON BRETTON WOODS. PLEASE INFORM JOE WHEN HE TELEPHONES
WHAT YOU HAVE DONE ABOUT IT. ~~COPY TO MRS KLOTZ AND HARRY WHITE~~

HENRY MORGENTHAU JR

814AM DEC 5 1944

Treasury Department
Division of Monetary Research

72 ✓

Date December 5 1944

To: Secretary Morgenthau

Apparently M. Pleven, the
new Minister of Finance of France,
is very eager to cooperate with
you.

H.D.W.

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



TREASURY DEPARTMENT

WASHINGTON 25

PARIS, 24 November 1944



AIR MAIL

AIR POUCH
NO. 9

Dear Mr. White:

This morning we called for the first time on M. Rene Pleven, the new Minister of Finance, who is the fifth head of the French Treasury I have dealt with during the past two years. We congratulated him on his appointment and expressed our interest in the development of French financial policy under his guidance.

We advised M. Pleven of Secretary Morgenthau's desire to obtain a full and authentic statement of the costs to France of the war and German occupation, as reported in Glasser's letter to Taylor of 30 October. M. Pleven immediately replied that he would be glad to furnish Secretary Morgenthau with a statement of the type requested. He specifically asked that the Secretary be advised personally of his desire to comply with this request and of his intention to do so. We told M. Pleven that we would notify the Secretary accordingly, and you may wish, therefore, to advise the Secretary of M. Pleven's response to this request.

M. Pleven went on to say that he had a very high regard for Secretary Morgenthau. He said that he had sent a telegram to the Secretary upon assuming his new post and was hoping for a reply. The Secretary, according to M. Pleven, was the one person in the US Government who showed any sympathy for the DeGaulle movement in the dark days of 1939-41. M. Pleven said that he had not forgotten the Secretary's attitude at that time and that he felt that Secretary Morgenthau had been an understanding supporter of the French cause throughout this difficult period.

M. Pleven further asked that the Secretary be advised of the fact that he is now engaged in a personal survey of the various regions of France. He is using the occasion of the Liberation Loan to visit the towns and villages and to talk with local committees of Liberation, workers, employers, farmers, and others. He said that he is not willing to rely on reports of others about economic conditions or the attitude of the people but is determined to see for himself. He stated that after his survey was completed he would be in a position to give the Secretary an authoritative statement.

Mr. White,

2,

24 November 1944

1/

We left with M. Pleven a little memorandum concerning the information desired by the Secretary, copy of which is enclosed.

We asked M. Pleven whether he could tell us anything concerning new fiscal measures which had been referred to in the press. He said that he was now considering such measures. He requested us to cable to Treasury to request the Secretary to use his influence to speed up the sending of the new franc currency, which we have done. We asked what M. Pleven proposed to do with this new currency. To this he replied with a very colorful allegory concerning a dog running along a canal paralleled by a line of telegraph poles, which was clearly meant to indicate that he does not intend merely to follow along where others have passed before.

On the other hand he said that he does not believe in giving the patient medicine that is so strong that it results in death. In any case, he said, he will not come to a conclusion before completing his survey of the country. He made specific reference to the Belgian program and said that if something like that is done in France many of the iniquities will be corrected. It is our impression that the question of anti-inflation measures is still up in the air.

It is noteworthy that during our interview M. Pleven was not attended by any Inspectors of Finance or other representatives of his Ministry. M. Lepercq always had two or three Inspectors present at his conferences. This may indicate that M. Pleven will make some of his own policies.

Generally speaking our first impression of M. Pleven as Minister of Finance was favorable. It is our impression that he intends to stay in this job as long as possible, although it was quite plain that he regards it as thankless at present and expects to be sniped at from all sides. He gives an impression of confidence in himself and knowledge of governmental procedures and techniques that was totally lacking in Lepercq. His warm expressions of regard for Secretary Morgenthau and appreciation for the Secretary's

Mr. White,

3,

24 November 1944

attitude during the period when the Free French movement was struggling for recognition seemed sincere and naturally made a favorable impression on us. M. Plevin is, of course, generally regarded as a right wing adviser of DeGaulle and an "homme des trusts". His actions in dealing with some of the pressing problems of epuration and fiscal policy will soon reveal the extent to which he is prepared to press forward with a liberal administration of the Ministry of Finance.

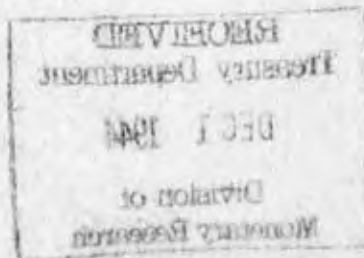
If possible we would appreciate receiving a copy of the cable sent by M. Plevin to the Secretary and of the Secretary's reply, if any.

Very truly yours,

Michael L. Hoffman
 Michael L. Hoffman,
 U. S. Treasury Representative

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

Enclosure 1.



FOREIGN ECONOMIC ADMINISTRATION

Washington 25, D. C.

December 5, 1944

MEMORANDUM

To: The Honorable Henry Morgenthau

From: Herbert Willett
Director of Research and Reports
Office of General Counsel

Subject: Executive Reports on Lend-Lease Operations

Transmitted herewith, for your information,
are copies of Executive Reports 1, 2 and 3, on
lend-lease operations, as of October 31, 1944.

CONFIDENTIAL

**Lend-Lease Operations
Executive Report No. 1**

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

Report as of October 31, 1944

(Thousands of Dollars)

Appropriation Category	Adjusted Appropriations	Cumulative to October 31, 1944		
		Allocations	Obligations	Expenditures
Ordnance and Ordnance Stores	\$1,467,306	\$1,462,836	\$1,390,964	\$1,289,917
Aircraft and Aero. Material	2,474,625	2,471,048	2,409,212	2,194,423
Tanks and Other Vehicles	739,273	706,562	670,944	640,086
Watercraft	4,121,704	3,835,167	3,549,405	3,308,187
Misc. Military Equipment	304,288	300,562	268,668	267,188
Production Facilities	1,087,688	1,086,909	1,056,165	1,011,076
Agric. and Indust. Commodities	16,690,588	15,003,084	12,307,468	10,332,589
Servicing, Repair of Ships, etc.	790,818	757,467	676,029	666,272
Services and Expenses	500,000	419,508	334,755	295,865
Administrative Expenses	33,208	30,324	29,269	29,085
Total	28,209,498	26,073,467	22,692,879	20,034,688

Procuring Agency	Cumulative to October 31, 1944		
	Allocations	Obligations	Expenditures
War Department	5,369,561	5,132,079	4,887,977
Navy Department	3,990,903	3,176,754	2,784,990
Maritime Commission and War Shipping Admin.	3,866,476	3,555,341	3,442,826
Treasury Department	5,653,459	4,368,743	3,667,675
Department of Agriculture	7,166,669	6,435,688	5,231,044
Other	26,399	24,274	20,176
Total	26,073,467	22,692,879	20,034,688

Foreign Economic Administration
Office of General Counsel
Division of Research and Reports
November 30, 1944

CONFIDENTIAL

Lend-Lease Operations
Executive Report No. 2

STATEMENT OF LEND-LEASE AID

Report as of October 31, 1944

(Thousands of Dollars)

Type of Aid	Cumulative to		Month of	
	Oct. 31, 1944	Sept. 30, 1944	October	September
Goods Transferred	\$29,299,572	\$28,251,789	\$1,047,783	\$1,115,358
Servicing, Repair of Ships, etc.	566,156	559,493	6,663	11,048
Rental of Ships, Ferrying of Aircraft, etc.	2,571,378	2,482,554	88,824	67,344
Production Facilities in U. S.	627,162	626,997	165	1,574
Miscellaneous Expenses	103,608	102,444	1,164	2,940
Total Services	3,868,304	3,771,488	96,816	82,906
Total Goods and Services	33,167,876	32,023,277	1,144,599	1,198,264

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

Type of Aid	Cumulative to October 31, 1944				
	Br. Empire	China	U.S.S.R.	Other	Total
Goods Transferred	\$21,593,017	\$217,407	\$6,832,468	\$651,680	\$29,299,572
Servicing, Repair of Ships, etc.	393,117	1,932	118,037	53,070	566,156
Rental of Ships Ferrying of Aircraft, etc.	2,008,607	13,994	323,799	224,978	2,571,378
Production Facilities in U. S.	-	-	-	-	627,162
Miscellaneous Expenses	52,830	1,214	5,048	44,516	103,608
Total Goods and Services	-	-	-	-	33,167,876

Foreign Economic Administration
Office of General Counsel
Division of Research and Reports
November 30, 1944

CONFIDENTIALLend-Lease Operations
Executive Report No. 3**LEND-LEASE GOODS TRANSFERRED**Report as of October 31, 1944

(Thousands of Dollars)

	Cumulative to October 31, 1944				
	Br. Empire	China	U.S.S.R.	Other	Total
Ordnance (Excl. Ammunition)	\$819,443	\$15,732	\$292,978	\$25,738	\$1,153,891
Ammunition and Components	1,766,788	22,204	448,685	34,025	2,271,702
Aircraft	2,872,796	89,021	920,310	136,326	4,018,453
Aircraft Engines, Parts, etc.	1,581,851	27,347	295,724	45,121	1,950,043
Tanks and Parts	2,543,045	940	532,020	41,550	3,117,555
Motor Vehicles and Parts	699,155	26,429	776,477	22,669	1,524,730
Watercraft and Parts	2,650,883	447	269,754	163,591	3,084,675
Foods	2,743,280	52	1,149,521	34,502	3,927,355
Other Agric. Products	627,069	48	15,093	171	642,381
Machinery	665,304	6,765	820,826	14,097	1,506,992
Metals	1,016,719	11,971	487,593	46,384	1,562,667
Petroleum Products	1,383,782	2,578	64,787	3,181	1,454,328
Miscellaneous Materials and Manufactures	2,227,902	13,873	758,700	84,325	3,084,800
Total	21,598,017	217,407	6,832,468	651,680	29,299,572

Foreign Economic Administration
Office of General Counsel
Division of Research and Reports
November 30, 1944

The Honorable
The Secretary of the Treasury
Washington, D. C.

10/5/47 80

My dear Mr. Secretary:

1. In accordance with the directions of your Committee on October 20th, 1944, we have examined the British non-munitions requirements program for the first year of Stage II.

2. In making our recommendations we have taken into consideration the fact that, in order to further the most effective prosecution of the war against Japan, it will be necessary to make some provision which will enable the Government of the United Kingdom to provide a moderate degree of easement in the standard and conditions of life in the United Kingdom in Stage II.

3. Our conclusions on the requirements programs submitted for agricultural products, raw materials and miscellaneous items, shipping and petroleum are set out below, and have been arrived at after full consideration of the programs presented by the representatives of the United Kingdom. These programs will be subject to adjustment in the light of changing circumstances in the war against Japan.

a) The Foreign Economic Administration regards the non-munitions programs as set forth in the attached schedules as appropriate for provision under Lend-Lease in the first year of Stage II, subject to the conditions and comments set forth below and the annotations contained in the attached schedules.

b) The following tabulation summarizes our conclusions:

	Accepted (subject to conditions as stated)
(in \$ 000,000)	<u> </u>
1. Food, Seeds and Tobacco	1,022.1
2. Raw Materials & Miscellaneous Items	351.1
3. Shipping	852.2
4. Petroleum	<u>371.0</u>
Total Programs	2,596.4

Details of the above programs are contained in the schedules attached hereto.

- c) The financing of the above programs is subject to funds being made available by the Congress for expenditure under the Lend-Lease Act. When application is made for such funds there will be included an appropriate additional allowance for contingencies other than those included with the attached schedules.
- d) The furnishing of the items set forth in the schedules attached hereto will depend upon the availability of supplies and transport or their allocation by the appropriate authorities. The Foreign Economic Administration will consider Lend-Lease applications in the light of (i) the relative needs of all claimants at the time, (ii) supplies available from other sources, and (iii) the British stock position of the item in question.
- e) The Foreign Economic Administration will review the end use to which requisitioned items will be put for conformity with the provisions of the Lend-Lease Act and with the programs now accepted.

4. The Foreign Economic Administration understands that the United Kingdom Government undertakes to continue throughout the first year of Stage II the supply on Reciprocal Aid of non-munitions items at present provided under Reciprocal Aid, subject to similar conditions as to availability of supply and transport and end use mentioned in paragraphs (d) and (e) above.

5. Additional Conclusions on Particular Programs

(a) U.K. Program for Food, Seeds and Tobacco

Maize for feed included in the program for the present will be subject to review from time to time by the United States.

The British program of requirements from the U.S.A. under Lend-Lease in the first year of Stage II assumes, inter alia, an extensive reduction of U.K. stocks during that year, the contemplated reductions being based on estimates of actual stocks in the U.K. at the end of 1944. Insofar as the level of stocks in the U.K. at the beginning of Stage II differs from that prevailing at the end of 1944, compensating changes in the British program of requirements in the first year of Stage II may be necessary.

b) U.K. Program for Raw Materials and Miscellaneous Items

The Foreign Economic Administration agrees that this program shall commence at an earlier date than the beginning of Stage II at the request of the representatives of the Government of the United Kingdom.

c) The British Empire Shipping Program.

The question of whether certain coastal vessels are to be made available for operation by the United Kingdom is still under discussion by the appropriate United States and United Kingdom authorities. Such of these vessels as the appropriate authorities may determine are required for the war against Japan and should be allocated to the United Kingdom for that purpose will be made available on Lend-Lease terms. Accordingly, provision has been included for their cost, estimated at a maximum of \$74.2 million. An additional \$65.8 million has been included as a special contingency fund for the Baltic coasters now under construction and the thirty-five small tankers, the construction of which has not been decided upon, in order that adequate financing will be available in the event that it is ultimately determined by the Foreign Economic Administration that these vessels are to be provided under Lend-Lease.

d) British Empire Petroleum Program

The Foreign Economic Administration concurs in the general principles on which the British Government has estimated British Empire petroleum consumption.

Various assumptions regarding petroleum stock levels in the United Kingdom at the beginning of Stage II and changes in the stock levels to be made during the first year of Stage II are set forth in the annexed schedules. Without accepting any of the differing underlying assumptions as to stock levels, financial provision in the amount of \$338,000,000 has been adopted for present purposes to cover shipment of lend-lease petroleum products, although the quantities of petroleum products supplied may be substantially less, depending upon the decisions ultimately reached.

It is understood that until in any quarterly period petroleum stocks in the United Kingdom are on the average below the level to be mutually agreed upon for Stage II, the United Kingdom will pay the United States any proceeds received from the sale of petroleum products exported from the United Kingdom in the currency in which such proceeds are received after taking into account the cost of handling, blending, packaging, or refining in the United Kingdom. Thereafter, the United Kingdom will pay the United States a share of the proceeds from the sale of any petroleum product exported from the United Kingdom in the currency in which such proceeds are received, in the proportion, computed on a value basis to be agreed and taking into account such costs as may have incurred in the United Kingdom, of the total lend-lease receipts of the United Kingdom of the product exported to the total quantities available to the United Kingdom for the twelve months' period preceding the date of export. In either case, the proceeds per unit of quantity received by the United States shall not be less than the equivalent of the landed cost in the United Kingdom of the products exported, unless mutually agreed otherwise in the light of market conditions then prevailing. No payment will be made for any exports from the United Kingdom which (a) are programmed by SRAEF or its successor and shipped to United States or British military forces, or (b) are shipped to the continent on a lend-lease transaction between the United States and the country of destination, or (c) consist of products not of a type provided

on land-lease, or (d) consist of heavy fuel oil, or (e) are shipped to other areas in the British Empire for eligible lend-lease purposes and with the consent of the United States. It is understood that the United States and the United Kingdom will review the matters set forth below, which influence the amounts and values of petroleum products to be supplied. The Foreign Economic Administration regards the early settlement of certain of these matters as being important for the purpose of determining the lend-lease petroleum supplies to be furnished during the first year of Stage II. Meanwhile, the United States will be free to release such petroleum supplies on lend-lease as it may determine. The principal matters referred to are as follows:

- (1) United Kingdom petroleum stock position and review of general petroleum stock position.
- (2) Equitable participation of American and British nationals in the supply of petroleum markets and the reestablishment of commercial trade.
- (3) Equitable participation of American companies in the supply of bunkers in sterling areas.
- (4) Allocation of aviation gasoline produced at Bahrain.
- (5) Arrangements for repossession of the United States military share and establishment of a formula to determine residual lend-lease share of petroleum products in the United Kingdom.
- (6) Diversion of lend-lease and reciprocal aid petroleum products from purposes approved to other purposes.

Respectfully,

Leo T. Crowley
 Leo T. Crowley
 Foreign Economic Administrator

December 5, 1944

Top Secret

SCHEDULE I
LEND-LEASE REQUIREMENTS OF UNITED KINGDOM FOR FOOD, SEEDS,
AND TOBACCO FOR THE FIRST YEAR OF STAGE II

(Quantities in thousand long tons; values in million dollars)

Item	Requested		Accepted (subject to stated conditions)		Available Supply
	Quantity	Value	Quantity	Value	
Cheese	87	67.0	87	67.0	
Evaporated milk	205	53.5	205	53.5	Tight
Dried milk	53	20.9	53	20.9	
Shell eggs	20	14.0	20	14.0	
Dried eggs	35	98.0	19	53.0	
Carcass meat	427	226.5	(584	276.0	} a/ Tight
Canned meat	104	75.5			
Bacon and ham	135	71.3	(2	4.0
Casings	2	4.0			
Canned fish	71	35.9	64	32.0	Tight
Dried fruit	113	44.1	102	39.8	
Apples	40	8.8	40	8.8	
Fruit pulp	20	5.6	20	5.6	
Fruit juices	13	14.2	13	14.2	
Jam and marmalade	5	1.8	5	1.8	
Canned fruit (for Forces)	26	7.6	26	7.6	
Dried pulses	81	14.1	74	12.9	Tight
Canned potatoes	35	8.8	35	8.8	
Baked beans	24	4.3	24	4.3	
Other canned vegetables	48	9.5	48	9.5	
Dehydrated potatoes	10	10.1	10	10.1	
Other dehydrated vegetables	10	11.6	10	11.6	
Flour	243	23.4	See Note b/		
Maize (not for feed)	120	6.7	120	6.7	
Starch and starch products	126	16.9	97	13.0	
Glucose	2	.2	2	.2	
Rice	13	1.9	13	1.9	Tight
Soya beans and flour	18	1.7	18	1.7	
Oatmeal	7	1.6	7	1.6	
Other cereal products	4	1.0	4	1.0	
Sugar (for Forces)	22	3.0	22	3.0	
Lard	214	71.9	194	65.2 c/	Tight
Tinned margarine	33	14.0	33	14.0	
Other fats and soap	8	2.7	8	2.7	
Other foodstuffs (incl. NAAFI)	--	24.7	--	20.1	
Items for Colonies	--	2.0	--	2.0	
Seeds	12	10.0	12	10.0	
Tobacco (for Forces)	38.4	49.0	38.4	49.0	
Canned fruit, fresh citrus	--	--	--	8.0	
Maize	700	39.2	700	39.2	
Total above	3,124	1,077.0	2,709	894.7	
Contingency A (meat)	--	--	--	97.3 a/	Tight
Contingency B (flour)	--	--	--	23.4 b/	
Contingency C (lard)	--	--	--	6.7 c/	Tight
Grand total	--	--	--	1,022.1	

a/ Contingency allowed as financial provision in case that in the course of allocation processes quantities of equivalent value should become available.

b/ Contingency allowed in the event of mutual agreement on British need for United States flour.

c/ Contingency allowed as financial provision in case that in the course of allocation processes quantities of equivalent value should become available.

U.S.) SECRET
BR.) SECRET

ESTIMATES
of
Lend-Lease Requirements of United Kingdom
for first year of Stage II

Schedule 2

- (A) Raw Materials
- (B) Miscellaneous Items

28th November, 1944.

SUMMARY

(A) <u>RAW MATERIALS</u>		<u>\$ 000's</u>
Group I	Agricultural Products (other than Foodstuffs)	68,580
Group II	Pulp, Board and Paper	19,577
Group III	Timber Products	56,123
Group IV	Synthetic Rubbers	76,383
Group V	Miscellaneous Materials for Wholly Military Use	37,583
Group VI	Contingency	<u>1,736</u>
	<u>Total Raw Materials</u>	259,982
(B) <u>MISCELLANEOUS ITEMS</u>		<u>91,080</u>
	<u>GRAND TOTAL</u>	<u><u>351,062</u></u>

(A) RAW MATERIALSU.S.) SECRET
PR.) SECRETItem Fiscal
No. CodeDescriptionUnitQuantityValue
(\$000)End UseRemarksGroup IAgricultural Products
Other than Foodstuffs

1	621	Raw Cotton	Bales (L.T.)	540,000 (120,000)	62,000	Articles for the use of the Armed Forces & U.K. civilian uses essential for the maintenance of war effort; and for essential industrial uses.	Available in U.S. if restricted to short staple.
2	629	Pine Oil	Lb.	1,120,000	133	Flotation reagent for mining; medicinal antiseptic; used also in textile industry and in cutting oils.	U.S. supply short. Request approximately 7% of U.S. production. U.S. flotation (Mining) requirements met in full. Next most important U.S. use in textiles & disinfectants cut to 33-1/3% of requirements, other uses by varying amounts. May not be able to meet full U.K. request. Original request of 3,360,000 lbs. reduced. (See item 67)

(A) RAW MATERIALS (cont'd)U.S. } SECRET
BR. } SECRET

<u>Item No.</u>	<u>Fiscal Code</u>	<u>Description</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (\$100)</u>	<u>End Use</u>	<u>Remarks</u>
Agricultural Products other than Foodstuffs (Cont'd)							
3	629	Pine Tar	Lb.	3,494,400	140	Used by rubber industry in manufacture of tires for military & essential U.K. civilian purposes & for cordage & netting; for pharmaceutical & veterinary purposes; for special paints.	Available in U.S. but tight. Requisitions should be limited to only essential uses. "Tarene" should be substituted in rubber production to the extent possible.
4	629	Resin, Gum	Lb.	44,800,000	2,667	In manufacture of paper, soap, oil, linoleum, paints, metals, etc.	U.S. supply short. U.S. requirements expected to be reduced by 33-1/3% & use limited to essential synthetic resins, paper & soap. Original request of 67,200,000 lbs. reduced (see item 67).
5	629	Resin, Liquid	Lb.	4,390,400	140	In manufacture of sealing compounds for aeroplanes, railways, cutting oils, core compounds, dips & disinfectants, insecticides, etc.	Available in U.S.
6	629	Turpentine	Gals.	4,350,000	3,560	In manufacture of pinene, medical, pharmaceutical & veterinary preparations, and shoe polishes.	Available in U.S.
Group Total					<u>68,580</u>		

(A) Raw Materials (Cont'd)

<u>Item No.</u>	<u>Fiscal Code</u>	<u>Description</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (\$000)</u>	<u>End Use</u>	<u>Remarks</u>
		<u>GROUP II</u>					
	680	<u>Pulp, Board & Paper.</u>					
7		1) Woodpulp Kraft Unbleached	S.T.	84,000	5,040	Packaging of shells, equipment & foodstuffs, sacks for transport of cement, chemicals & fertilisers, jettisonable fuel tank for aircraft, plastics, electrical insulation.	U.S. supply short. May not be able to meet full U.K. request.
8		Bleached Sulphite ordinary	S.T.	42,000	3,360	Map & Chart paper, photo-base paper, special paper for protection of food. Paper for gov't requirements.	U.S. supply short. May not be able to meet full U.K. request.
9		Bleached Sulphite special	S.T.	8,000	640	Photobase and blueprints	U.S. supply short. May not be able to meet full U.K. request.
10		High Alpha Pulp	S.T.	672	116	Electric arc welding	U.S. supply short. May not be able to meet full U.K. request.
11		2) Board Chip & Carton	S.T.	20,000	1,190	Packaging of military stores, containers for essential civilian purposes.	Available in U.S.

(A) Raw Materials (Cont'd)

<u>Item No.</u>	<u>Fiscal Code</u>	<u>Description</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (\$000)</u>	<u>End Use</u>	<u>Remarks</u>
12		2) Board Kraft Liner	S.T.	25,000	1,625	Shell & ammunition containers, packaging of food, petrol cases, etc.	Available in U.S.
13		Other Board	S.T.	200	36	Special packaging	Available in U.S.
14		3) Paper Business Paper for H.M.S.	S.T.	20,000	4,000	Armed Forces & Civil Service: essential records.	Available in U.S.
15		Special Industrial paper	S.T.	515	400	For special industrial purposes	Available in U.S.
16	680	Vulcanised Fibre	Lb.	2,240,000	820	For the manufacture of components for aircraft, tanks, radio transmitting & receiving sets, radio location equipment, X-Ray apparatus, electrical insulation and machinery maintenance.	Available in U.S. if restricted for the most part to sheets & small diameter rod. Tubing & large diameter rod available for only most essential needs.
17		Begassé	S.T.	11,200	250	25% for military purposes; 75% for manufacture of insulation boards to be used in the emergency housing programme.	Available in U.S.

U.S.) SECRET
PR.) SECRET

(A) Raw Materials (Cont'd)

<u>Item No.</u>	<u>Fiscal Code</u>	<u>Description</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (\$ 000)</u>	<u>End Use</u>	<u>Remarks</u>
18	680	Insulation Board	S.T.	16,000	1,400	For the emergency housing programme.	Available in U.S.
19		Flexible Insulation	So.Ft.	24,000,000	<u>700</u>	For the emergency housing programme.	Available in U.S.
				GROUP TOTAL	<u>19,577</u>		

U.S.) SECRET
 HK.) SECRET

(A) Raw Materials (Cont'd)

<u>Item No.</u>	<u>Fiscal Code</u>	<u>Description</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (\$000)</u>	<u>End Use</u>	<u>Remarks</u>			
<u>GROUP III</u>										
<u>680</u>										
<u>Timber Products</u>										
20		a) Softwoods	Stds.	200,000	19,300	Owing to increasingly doubtful prospects of the U.K.'s obtaining adequate supplies from Europe to meet the requirements of the emergency housing programme, it is necessary to programme this requirement on the U.S.A.	Available in U.S.			
21		b) Hardwoods								
22		Heavy Hardwoods)	Cu.Ft.	7,250,000	}	In construction of vehicles for Armed Forces, road & railway transport, ammunition boxes; utility furniture released under Board of Trade's scheme of licenses.	Available in U.S.			
		Light Hardwoods)	Cu.Ft.	586,000						
23		Dogwood & Persimmon			}	For making buntles used in U.K.'s textile industry for war - essential civilian purposes	essential available in U.S.			
24		Shuttle Blanks	Cu.Ft.	39,000						
25		Dogwood & Persimmon Logs	Cu.Ft.	5,000						
26		Hickory Picking Sticks	Cu.Ft.	7,000						
27		Hickory Shunt Poles	Cu.Ft.	63,000				8,415	Used in U.K.'s textile industry.	" " "
28		Ash Dimension	Cu.Ft.	75,000					For use in U.K.'s railways.	" " "
29		Ash Lers	Cu.Ft.	5,000						" " "
30		Red or White Oak	Cu.Ft.	57,000					For making handles for tools	" " "
31		Incense Cedar	Cu.Ft.	57,000					Construction of Tank Battery Cases.	" " "
32		Hickory Dimension Stock	Cu.Ft.	75,000					For making pencils.	" " "
33		Hickory Logs	Cu.Ft.	6,000					Tool handles & special implements	" " "
		Mahogany Logs	Cu.Ft.	4,000					For manufacture of rollers for flax mills.	" " "

(A) Raw Materials (Cont'd)

<u>Item No.</u>	<u>Fiscal Code</u>	<u>Description</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (\$000)</u>	<u>End Use</u>	<u>Remarks</u>
34		c) Sleepers & Crossings	Stds.	50,000	5,000	U.K.'s railways	U.S. supply short. May not be able to meet full U.K. request.
35	680	d) Constructional Plywood	Sq.Ft.	230,000,000	21,619	Used to make containers for fighting forces, aircraft, Admiralty construction etc., and in repairing bombed houses and the making of utility furniture released under Board of Trade's scheme of licenses.	U.S. supply short. Recommend reduction in U.K. stocks to meet full requirement requested of 342,000,000 square feet.
36		e) Veneers Oak	Sq.Ft.	56,000,000	1,008	Used for utility furniture made from some grown low-grade timber and other makeshift materials. Utility furniture is released under Board of Trade license	Available in U.S.
37		f) Port Orford Cedar Logs, Cants, Veneers, etc.	Cu.Ft.	1,350,000	781	Making of separators for electrical batteries for Armed Forces only.	Available in U.S.
				GROUP TOTAL	56,123		

(A) RAW MATERIALS (cont'd)

U.S. } SECRET
 RR. } SECRET

Item Fiscal
 No. Code

Item No.	Fiscal Code	Description	Unit	Quantity	Value (\$000)	End Use	Remarks
		<u>Group IV</u>					
	682	<u>Rubber & Rubber Products</u>					
	688	Synthetic Rubbers					
38		GR-S	L.T.	86,000	69,832	To replace crude (natural) rubber.	Available in U. S.
39		GR-M	L.T.	3,674	3,909		
40		GR-I Butyl	L.T.	2,600	1,935		
41		Pertunan	L.T.	593	707		
				Group Total	76,383		

(A) RAW MATERIALS (contd.)

<u>Item No.</u>	<u>Fiscal Code</u>	<u>Description</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value</u> (1950)	<u>End Use</u>	<u>Remarks</u>
		<u>GROUP V</u> Miscellaneous Materials for wholly military use.					
	650	<u>Chemicals</u>					
42	659	Caustic Potash, low in Chlorine	Lb.	400,960	65	Batteries for the Army	Available in U.S.
43		Cellulose Acetate Flake	Lb.	896,000	314	For improving the quality of British Cellulose Acetate Sheet for use on airplanes and Admiralty sheetings and for the manufacture of film base for aviation photography	Available in U.S.
44	650	Columbia Resin (and intermediate)	Lb.	480,000	504	Observation windows for night fighters and bombers	U.S. supply very short. Present U.S. capacity 960,000 lbs. If sufficiently strong justification can be furnished by British to warrant reconsideration of increasing U.S. supply (currently vetoed by U.S. military), additional capacity of 260,000 lbs. per month can be obtained in about 4 to 6 months. This would permit complete fulfillment of U.K. request amounting to 1,200,000 lbs.

U.S.) SECRET
BR.) SECRET

(A) RAW MATERIALS (Contd.)

<u>Item No.</u>	<u>Fiscal Code</u>	<u>Description</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value</u> (,000)	<u>End Use</u>	<u>Remarks</u>
	650	<u>Chemicals Cont'd.</u>					
45		Diacetin	Lb.	180,000	60	For plasticising Formvar for the manufacture of airplane fabric tanks, drop tanks, sea rescue tanks and static storage tanks all for military purposes.	Available in U.S.
46		Halowax N 1001)	Lb.	28,000)			
47		N 1041)	Lb.	2,000)	8	For electrical insulation & "stop-off" in chrome plating. All uses military	Available in U.S.
48		Parahydroxydiphenyl	Lb.	216,000	46	For the production of Resin R254 required for aircraft primarily for coating underwater parts, assault craft, bridging equipment, for special ammunition uses, for seaplane varnishes & for insulation varnishes for M.A.P.	Available in U.S.
49		Paraplex G	Lb.	700,000	490	For plasticising polyvinyl chloride which is used as an insulant sheath on high frequency cables.	U.S. supply short. May not be able to meet full U.K. request.

U.S.) SECRET
BR.) SECRET

(A) RAW MATERIALS (cont'd.)

<u>Item No.</u>	<u>Fiscal Code</u> 650	<u>Description</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value</u> (0000)	<u>End Use</u>	<u>Remarks</u>
50		<u>Chemicals Cont'd.</u> Polyvinyl Alcohol	Lb.	300,000	180	Required in the production of special filters for the Armed Forces.	Available in U.S.
51		Paratertiary Butyl Phenol (A)	Lb.	500,000	102	Required in connection with the production of anti-gas clothing. (Note (A) alternatively 150 S.T. di-isobutylene.)	U.S. supply short
52		Polystyrene	Lb.	600,000	258	For the manufacture of air field light domes, battery parts and radio location wireless, detonator containers, and various electrical insulation parts, all for military purposes.	Available in U.S.
53		Polytetrafluorethylene	Lb.	14,000	200	For the Admiralty in connection with Radar.	Available in U.S.
54		Triacetin	Lb.	192,000	64	For plastic Q required for rockets, cellulose acetate sheet for side screens for H.A.P. and War Office vehicles, for cellulose acetate moulding powder for steering wheels of War Office vehicles, for use as a hydraulic brake fluid, and for safety glass for the Military.	Available in U.S.

(A) Raw Materials (Cont'd)

<u>Item No.</u>	<u>Fiscal Code</u>	<u>Description</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (\$000)</u>	<u>End Use</u>	<u>Remarks</u>
650		<u>Chemicals Cont'd</u>					
55		Vistac No. 1 Solution	Lb.	1,000,000	200	Used in the manufacture of adhesive tapes. The greater part of the tapes are used by the Ministry of Aircraft Production for sealing aircraft while doping and for the protection of instruments and balance for War Office for sealing vehicles, ammunition containers, etc.	Available in U.S. Where necessary availability to be decided by the combined Authorities concerned.
56		Sodium Bromide	L.T.	200	112	For Military Fire Extinguishers	Available in U.S.
		<u>Materials for Tropical Packaging</u>					
57		a) Resin Treated Kraft	S.T.	60,000	8,300	For necessary protective packaging of materials used by Armed Forces in the Pacific War.	U.S. supply short. Where necessary availability to be decided by the Combined Authorities concerned.
58		b) Tropical Wraps	Sq. Yds.	24,000,000	9,000		
59		c) Waxes	S.T.	9,600	2,250		
60		d) Silica Gel	S.T.	250	114		

U.S.)SECRET
NR.)SECRET

(A) Par Materials (Cont'd)

<u>Item No.</u>	<u>Fiscal Code</u>	<u>Description</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value</u> <u>(\$000)</u>	<u>End Use</u>	<u>Remarks</u>
61	690	Nylon Yarn & Polymer	Lb.	4,000,000	5,500	For Parachutes	U.S. supply short. Where necessary, availability to be decided by the Combined Authorities.
62	690	Nylon Tire Fabric	Lb.	500,000	1,000	Used for bomber tires.	U.S. supply short. Where necessary, availability to be decided by the Combined Authorities.
	680	<u>Paper</u>					
63		Map paper	S.T.	6,000	1,920	For maps to be used by the Armed Forces.	Available in U.S.
64		Kraft Paper for Cement Bags	S.T.	3,360	570	To be used by the Forces in the Mediterranean Area.	Available in U.S.
65		Paper for Armed Forces Overseas	S.T.	6,758	1,626	Paper for Armed Forces Overseas.	Available in U.S.
66	641	Drum Sheets for Military Purposes	L.T.	60,000	4,700	Processing in military plants overseas.	Available in U.S.
					<u>37,583</u>		
				GROUP TOTAL	<u>37,583</u>		

U.S.) SECRET
BR.) SECRET

(A) Raw Materials (Cont'd)

Item Fiscal
No. Code

Description

Quantity

Value
(\$000)

GROUP VI

67

This amount represents the difference between the estimated value of the total quantities required by the British and the value of the quantities which may be available of pine oil, rosin gum and silica gel (items 2, 4 and 60). This contingent fund is to provide financing for the total quantities required in case those quantities become available during the period covered by this programme.

- 1,736

U.S.) SECRET
BR.) SECRET

(B) MISCELLANEOUS ITEMS

<u>Item No.</u>	<u>Fiscal Code</u>	<u>Description</u>	<u>Approved Value (\$000)</u>	<u>End-Use</u>	<u>Remarks</u>
1	639	Opencast Mining Equipment	3,000	Requirements (machinery, spares, etc.) in connection with opencast mining operations in the U.K., all having a direct war-time purpose.	U.S. supply very short
2	632	Agricultural Machinery	5,000	Spares and equipment for machinery required for the food production programme in the U.K.	Office of Food Programs states that the amount is appropriate with possible adjustments to items.
3	688	Tractor Tyres and Essential Civilian Tyres not made in U.K.	1,000	Tractor maintenance tyres and other essential tyres not made in the U.K. Tractor maintenance tyres are for agricultural equipments and should be regarded as part of the agricultural production programme.	Available in U.S. Request covers approximately 20,000 tyres.
4	817	Services (inland transportation and storage)	1,650	Freight, etc., of Lend-Lease stores procured through U.S. Treasury Procurement Department and miscellaneous services in connection therewith including storage, demurrage, repacking, etc.	Transportation & Storage Branch believes this amount satisfactory.
5		Emergency temporary sub-standard houses.	50,000	Of temporary type, for use in connection with the housing problem for war workers in war areas, created by bomb damage.	Availability under examination.
6		Bomb damaged houses: Repairs and equipment	10,000	For use in connection with the housing problem for war workers in war areas, created by bomb damage.	Subject to review of specific programmes when presented.

(B) MISCELLANEOUS ITEMS

2.

U.S.) SECRET
BR.) SECRET

<u>Item No.</u>	<u>Fiscal Code</u>	<u>Description</u>	<u>Approved Value (\$000)</u>	<u>End-Use</u>	<u>Remarks</u>
7		Contingency for item 1	2,000		This amount represents the difference between the estimated value of the total quantities required by the British and the value of the quantities which may be available of opencast mining equipment. This contingent fund is to provide financing for the total quantities required in case those quantities become available during the period covered by this program.
8	670	Tyre Fabric	2,800	This fabric will be exported to Government controlled factories which manufacture tyres for British Army and other Service purposes, and also for tyres for U.S. Air Forces which are supplied on Reverse Lend-Lease.	U.K. request reduced to \$2,800,000, approximately 1340 L.T. of rayon. Reduced quantity available in U.S.
9	244	Spares and Components for Non-Standard Vehicles	4,000	This total consists of (a) spares for non-standard military vehicles, all such spares going into military depots and (b) Ford Dagenham components going either to military depots or to Ford Dagenham for production purposes, all for military vehicles.	Available in U.S.

U.S.) SECRET
BR.) SECRET

(B) MISCELLANEOUS ITEMS

<u>Item No.</u>	<u>Fiscal Code</u>	<u>Description</u>	<u>Approved Value (\$000)</u>	<u>End-Use</u>	<u>Remarks</u>
10	639	Photographic Stores	3,500	This total consists of (a) film base (b) film for map making and other film and (c) projectors, cameras and parts, all required for military and Air Force purposes.	Amount available in U.S., subject to U.S. military requirements for map making film and 35 mm. film, total value approximately \$640,000.
11	639	Office Machinery	800	This represents office machinery required exclusively for military depots. It consists of duplicating machines, recording machines, varitypers, accounting machines, etc. All these machines will be of specialized type for Army requirements.	U.K. request reduced to \$800,000. Available in U.S.
12		NAAFI Stores, other than Food.	<u>7,320</u>	For use of Navy, Army & Air Force Institutes	Generally available, depending on the specific commodity.
		Total	91,080		

TOP SECRETSCHEDULE 3BRITISH EMPIRE SHIPPING PROGRAM
FOR THE FIRST YEAR OF STAGE TWO

<u>Item</u>	<u>Accepted Requirements</u> (Subject to stated conditions)
*1. Freight on cargoes in dry cargo vessels allocated by VSA to British Empire Shipping Program.	\$ 232,400,000
*2. Freight on parcels of dry cargo carried in vessels not allocated by VSA to British Empire Shipping Programs; freight on military mails; and freight on small parcels of military cargo	27,500,000
3. Freight on Australasia coastwise cargo carried in U.S. flag vessels.	9,000,000
4. Hire of U.S. flag vessels allocated by VSA to Sea Transport Service for the transportation of military cargoes and personnel.	25,000,000
5. 80% hire of Dutch and Norwegian vessels	4,900,000
6. Freight on petroleum products carried in tankers allocated by VSA to British Empire Shipping Programs	190,000,000
7. Ocean transportation of personnel in U.S. vessels in accordance with Administrative Arrangement for the Carriage of Personnel under Mutual Aid.	3,000,000
8. Equipment for the repair of British-controlled merchant vessels in U.S. Ports.	5,000,000
9. Small craft and parts for small craft (Tugs, Harbor Craft, etc.)	3,000,000
**10. Coastal Vessel Construction Program	74,200,000
**11. Contingency fund for construction of coastal vessels.	65,800,000
12. Services and supplies for British-controlled merchant vessels.	115,400,000
13. Bunker coal	3,000,000
14. Repairs to degaussing, defense fitting, general repairs, sea transport work on British-controlled vessels in U.S. Ports.	90,000,000
15. Marine Litigation	3,000,000
16. General Average Contribution	1,000,000
	<hr/> \$852,200,000
* Items 1 and 2 include freight on material shipped from Canadian ports and freight on non-lend-lease Government cash procured material shipped from the U.S. The freight on such material will be eligible only on items which are identical to items shipped from the U.S. on lend-lease terms to territories or agencies eligible for lend-lease of such items from the U.S.	
** See comment in covering letter.	

SCHEDULE 4ESTIMATE C - BRITISH EMPIRE LEND LEASE PETROLEUM
PROGRAM DURING FIRST YEAR OF STAGE II

	<u>Thousands of Dollars</u>
Shipments of Lend Lease Petroleum Products (See covering letter and Schedule 4(a) attached)	\$333,000
Dollar Costs in Connection with Crudes Used in Sterling Area Refineries *	<u>33,000</u>
TOTAL	371,000

* Limited to (1) the direct cost of that part of the crude oil which is purchased in the first year of Stage II for dollars from American companies in Venezuela and Saudi Arabia and which is refined into products used for war and essential lend-leaseable purposes in the British Empire or supplied to the U.S. on reciprocal aid; and (2) royalties payable to the Venezuelan government in the first year of Stage II on crude refined into products used for the purposes specified in (1) above.

ALTERNATIVE PROGRAMS OF SHIPMENTS OF LEND LEASE PETROLEUM PRODUCTS TO THE BRITISH EMPIRE
FOR THE FIRST YEAR OF STAGE II UNDER VARIOUS U. K. STOCK LEVEL ASSUMPTIONS

	A		B		C	
	Requirements Requested by British Assuming Stock Reduction They Propose Takes Place All in Stage II (Reduction from 7,500,000 Tons to 5,750,000 Tons in Stage II)		Requirements Assuming Stock Reduction U.S. Proposes Takes Place Entirely in Stage II (Reduction from 7,300,000 Tons to 2,650,000 Tons All During Stage II)		Requirements Assuming Stock Reduction U.S. Proposes Takes Place Partly in Stage I and Partly in Stage II (Reduction from 7,225,000 Tons to 5,100,000 Tons in Stage I followed by Reduction to 2,650,000 Tons in Stage II)	
	Thousands of Tons	Thousands of Dollars	Thousands of Tons	Thousands of Dollars	Thousands of Tons	Thousands of Dollars
Aviation Spirit	252	11,000	107	5,072	107	5,072
Motor Spirit	3,207	121,000	2,612	98,551	3,467	130,809
Kerosene	990	24,000	850	20,604	977	23,682
Gas - Diesel	1,212	33,000	862	23,472	1,177	32,049
Fuels	1,947	27,000	742	10,291	1,107	15,354
Lubricants, etc.	1,613	108,000	928	62,176	1,463	98,021
WMA	-	14,000	-	14,000	-	14,000
TOTALS	9,201	338,000	6,101	234,166	8,296	318,997

The Honorable
The Secretary of the Treasury
Washington, D. C.

My dear Mr. Secretary:

1. In accordance with the directions of your Committee on October 20th, 1944, we have examined the non-munitions requirements program for Australia for the first year of Stage II.

2. In making our recommendations, we have taken into account the fact that Australia occupies an important position in the Japanese war and that the end of the war in Europe is not likely to permit any significant relaxation of the war effort in Australia during the first year of Stage II.

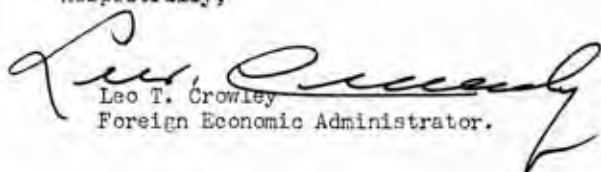
3. Our conclusions on the requirements program submitted are set out below and have been arrived at after full consideration of the program presented by the representatives of the Government of Australia. This program will be subject to adjustment in the light of the changing circumstances of the war against Japan.

- a) The Foreign Economic Administration regards the non-munitions program as set forth in the attached schedule, totalling \$111,788,000 as appropriate for provision under Lend-Lease in the first year of Stage II, subject to the conditions and comments set forth below and the annotations contained in the attached schedule.
- b) The financing of the above program is subject to funds made available by the Congress of the United States for expenditure under the Lend-Lease Act. When application is made for such funds there will be included an appropriate additional allowance for contingencies other than those included in the attached schedule.
- c) The furnishing of the items set forth in the schedule attached hereto will depend upon the availability of supplies and transport, or their allocation by the appropriate authorities. The Foreign Economic Administration will consider Lend-Lease applications in the light of (1) the relative needs of all claimants at the

- time, (2) supplies available from other sources, and
(3) the Australia stock position of the item in question.
- d) The Foreign Economic Administration will review the end use to which requisitioned items will be put for conformity with the provisions of the Lend-Lease Act and with the program now accepted.
- e) A special contingency fund of \$10,000,000 for capital equipment has been included in the annexed schedule so that adequate financing will be available in the event the Foreign Economic Administration determines that such equipment is eligible for Lend-Lease under arrangements to be mutually agreed upon.

4. The Foreign Economic Administration understands that the Government of Australia undertakes, subject to similar conditions as to the availability of supply and transport and end-use mentioned in paragraphs (c) and (d) above, to continue throughout the first year of Stage II to furnish on Reciprocal Aid supplies and services in accordance with the attached note submitted by representatives of the Government of Australia.

Respectfully,


Leo T. Crowley
Foreign Economic Administrator.

December 5, 1944

1. The U.S. Authorities have requested that Australia should undertake to supply goods and services as reciprocal aid without geographical limitation.

2. The present position is that the Reciprocal Aid Agreement of 3rd September, 1942 between the Australian and United States Governments provides that Australia will furnish assistance, on reciprocal aid terms, to the U.S. forces in Australia or its territories. Notwithstanding the terms of this Agreement, the Australian Government have not, in practice, confined their reciprocal aid within this geographical limit: they have from time to time furnished considerable reciprocal aid to U.S. forces outside Australian territory, particularly to those in the South Pacific and latterly in Hollandia.

3. Australia is providing, as reciprocal aid to the U.S. forces, goods and services to the value of about 20% of her current war expenditure, with heavy consequential sacrifices to the population. These burdens, additional to those imposed by Australia's own war effort, have been spontaneously and willingly accepted, and the U.S. Theatre Commander in the area has expressed himself as being well satisfied with the scale of the reciprocal aid.

4. The Australian Government do not feel able to agree that the terms of their existing reciprocal aid undertakings to the U. S. Government should be revised in such a manner as to impose no limitation upon the amount or upon the area of such aid. They are, however, prepared, within the terms of their reciprocal aid undertakings, to continue to supply to the U.S. forces as reciprocal aid, within locally accepted programmes, the categories of goods and services which they now furnish. They would also agree that, where for strategic reasons it is necessary to transfer to other theatres supplies which have already been provided to the local U.S. Command, no objection should be raised to the transfer.

-2-

5. In addition, the Australian Government are willing, as at present, to examine any further requests, including those for additional areas, which may be made by the U.S. authorities, having full regard to the availability of supplies and to their responsibilities in other directions. They suggest that requests for the provision of supplies, on reciprocal aid terms, for areas outside their existing undertakings, should continue to be referred to them for consideration. They do not, however, think it appropriate that the U.K. Government should be called upon to undertake responsibility for the provision of reciprocal aid throughout the British Commonwealth. They accordingly propose, with the concurrence of the U.K. representatives in Washington, that in cases where the Australian Government feel unable to meet such requests, the question of the financial responsibility be jointly discussed between the Australian, the U.S. and the U.K. authorities.

6. If these proposals are acceptable to the U.S. authorities, it is suggested that the detailed arrangements should be settled by joint discussions between representatives of the Governments concerned.

Washington, D. C.

20th November, 1944

LEAD LEASE REQUIREMENTS OF AUSTRALIA FOR FIRST YEAR OF STAGE II

Item No.	Fiscal Code	Description	Unit	Quantity	\$000 Value	Remarks
1.	623	<u>Food</u> Tobacco - Leaf	lbs.	6,236,000	3,100	Military requirements only. Supply available.
2.	623	Tobacco - Native Twine	L/T	348	900	Used for payment of native porters in forward battle areas. US production very limited. Difficulty being experienced in meeting 1944 requirements.
3.	618	Fish - Canned	Cases 48/1	169,448	1,314	For requirement of armed forces only. Supply available.
4.	629	Seeds - Vegetable	lbs.	2,303,300	600	Australian food program for Allied forces. Supply available.
5.	612	Sausage casings - artificial	pcs.	1,188,800	100	Australian food program for Allied forces. Supply available.
6.	619	Coca Cola Concentrate & Misc.	L/T	8,450	1,800	Coca Cola Concentrate in amount of \$275,000 entirely for US forces. Balance consists of ascorbic acid, etc. Essential to military and civilian food program. Supply available.
<u>Raw Materials</u>						
7.	541	Tinplate	s/T	116,667	14,000	95% for use in canning program for Allied forces. Supply available.
8.	541	Metals - Carbon Steel	S/T	15,000	1,200	Various industrial purposes directly connected with munitions program. Supply available.
9.	541	" Alloy Steel	S/T	4,000	1,000	" " " " " " " "
10.	543-548	" Non-Ferrous	Var.	Var.	800	" " " " " " " "
11.	680	Timber - Softwood	M Bd. Ft.	56,400	2,400	Military and war production and construction - Civilian construction prohibited. In short supply but available in these quantities
12.	690	" Hardwood	M Bd. Ft.	1,900	1,400	" " " " " " " "
13.	690	" Plywood	Var.	Var.	200	" " " " " " " "

TOP SECRET

LEND LEASE REQUIREMENTS OF AUSTRALIA FOR FIRST YEAR OF STAGE II

Item No.	Fiscal Code	Description	Unit	Quantity	1945 Value	Remarks
14.	680	Raw Materials (Cont.) Pulp & Paper - Woodpulp	S/T	10,000	1,700	To augment Australian production which is inadequate for our purposes - paper usage under strict and rigid control. In short supply but available in these quantities.
15.	680	" " - Fine Paper	S/T	16,224	3,520	
	680	" " - Wrapping Paper	S/T	6,760	2,277	
17.	680	" " - Sanitary and other Tissue	S/T	3,720	1,000	
18.	680	" " - Printing Papers	S/T	6,780	1,356	
19.	680	" " - All other paper	S/T	1,739	410	" " " " " " " " " "
20.	621	Raw Cotton	500g baled	10,500	1,156	Military textiles, surgical dressings, etc. Supply available.
21.	670	Raw Cotton - Bleached Linters	S/T	356	200	Manufacture of explosives. Supply available.
22.	639	Synthetic Rubber - G.R.S.	S/T	9,000	6,000	Largely for use in military tire program - supply under instructions of Combined Boards.
23.	652	Chemicals - Phosphate Rock	S/T	362,000	2,100	For food program. Supply available but some difficulty may be experienced in obtaining shipping space.
	659	" - Insecticides	S/T	1,500	1,800	For food program. Some materials in very short supply. Substitute materials may have to be accepted in some cases.
24.	659	" - Sulphur	S/T	36,000	500	For munitions program. In easy supply.
25.	659	" - Photographic	Lbs.	1,765,000	600	For indirect military uses. Supply available.
26.	659	" - Alc /col base or derivative	Var.	Var.	600	Industrial alcohols required for munitions program. Total considered available but some materials in short supply
27.	659	" - Chrome	L/T	319	500	For tanning and textile industry - producing direct military requirements. Supply available.
28.	659	" - Miscellaneous	Lbs.	21,200,000	1,800	General war production usage. Some materials in short supply. Quantities indicated are considered available.

LEND LEASE REQUIREMENTS OF AUSTRALIA FOR FIRST YEAR OF STAGE II

Item No.	Fiscal Code	Description	Unit	Quantity	Value \$000	Remarks
		<u>Raw Materials (Contd.)</u>				
30	849	Miscellaneous-Abrasive Grains	Lbs.	7,040,000	1,200	General war production usage. 50% Military. 50% Essential Civilian. Can be supplied.
31	859	" -Carbon Black	Lbs.	13,440,000	1,200	Tire program. 64% Channel. 36% Furnace. Can be supplied.
32	859	" -Plastics	Lbs.	3,200,000	3,000	General war production usage. 50% Military. 50% Essential Civilian. Some materials in short supply but total considered available in the amounts indicated.
33	890	All other Raw Materials	Var.	Var.	700	General war production usage. Can be supplied.
		<u>End Products</u>				
34	841	Automotive - Vehicles	Each	6,000	6,800	Essential civilian agricultural and other wartime transport.
34A	841	" "	Each	2,872	2,900	This amount represents the difference between the estimated value of the total quantity of trucks required by Australia and the value of the quantity which may be available. This contingent fund is to provide financing required in case those quantities become available during the period covered by this program.
35	844	" - Spares	‡	-	8,600	Non-standard military, essential civilian agricultural and other wartime transport. Can be supplied.
36	859	" - Stationary Engines	Each	3,117	500	For incorporation in mobile welding sets, pumping units, etc. for armed forces. Can be supplied.
		<u>Agricultural Implements</u>				
37	450	- Wheel Tractors	Each	6,200	4,900	For food program. Can be supplied.
38	450	- Crawler Tractors	Each	500	2,100	For food program. Average normal life of tractor is about 8 years. Included in total of 5395 agriculture crawler tractors in Australia are 1787 machines over 9 years old, 1319 machines 7 to 9 years, 1671 machines 5 to 7 years and 618 machines under 5 years. Availability of number required from US depends on extent to which requirements for the Allied Armed Forces will be cut back.

LEAD LEASE REQUIREMENTS OF AUSTRALIA FOR FIRST YEAR OF STAGE II

Item	Fiscal Year	Description	Unit	Quantity	\$000 Value	Remarks
		<u>Rubber Products (Contd.)</u>				
38	638	Agricultural Implements - Spares	#	-	1,100	For food program. Can be supplied.
40	638	- all other	Wear	10,000	500	For food program. Can be supplied.
41	639	Bearings	#	-	1,500	For civilian maintenance of armed services' equipment. Also for general industrial purposes related directly to the war effort. Some types are in short supply but quantity indicated is considered available.
42	430	Medical Supplies - Rayon	Var.	Var.	900	For Australian hospitals at the service of Allied Forces. Can be supplied.
43	430	" " - Surgical	Var.	Var.	300	"
44	430	" " - Drugs	Var.	Var.	1,100	"
45	430	" " - Proprietary "	"	Var.	200	"
46	430	" " - Misc.	Var.	Var.	600	"
47	621	Textiles - Belting Duck	Lbs.	483,340	500	General industrial war production. Can be supplied.
48	621 & 670	" - Tire Cord	Lbs.	2,966,850	2,552	Military tire program. Includes 719,000 lbs. cotton - 2,169,850 lbs. rayon fabric. Increased use of Rayon is result of conversion to synthetic rubber. Availability of amount indicated will depend on Combined Board decisions.

AUSTRALIA

LTD LEASE REQUIREMENTS OF AUSTRALIA FOR FIRST YEAR STAGE II

Item No.	Fiscal Code	Description	Unit	Quantity	\$000 Value	Remarks
49.	648	<u>End Products (Contd.)</u> Silver Bullion/Coinage	Ozs.	7,000,000	5,000	Returnable in kind under special agreement. Is available subject to Treasury Dept. clearance. Previously requisitioned, 8/4/43, 5,050,000 ozs.; 12/6/43, 3,370,000 ozs.; 5/5/44, 3,364,000 ozs.; total 11,784,000 ozs.
50.	639	Miscellaneous - Film	Lin.Ft.	27,800,000	200	Entertainment of armed forces. 35MM 7,937,500 lin. ft., 16MM 19,861,800 lin. ft. available, subject to ONI and Army programs which are now being set up.
51.	639	" - Photographic	Each	848	300	Entertainment of Armed Forces. Considered available.
52.	639	" - Business Machines	Var.	Var.	1,700	For armed forces and Govt. Depts. Available from US.
53.	639	" - Hand Tools	Var.	Var.	2,000	General war production use. Some items are in short supply.
54.	320	" - Elec. Equipment	Var.	Var.	1,000	" " " " " " " " " "
55.	639	" - Industrial Equipment	Var.	Var.	1,200	" " " " " " " " " "
56.		Other Industrial Equipment			<u>10,000</u>	This contingency fund for Capital goods which will have war uses and possible peace time uses is referred to in paragraph 3-e of covering letter from Mr. Crowley to Mr. Morgenthau.

RECAPITULATION

Food	7,814
Raw Materials	52,719
End Products	51,255
GRAND TOTAL	<u>111,788</u>

November 29, 1944

The Honorable
The Secretary of the Treasury
Washington, D. C.

My dear Mr. Secretary:

1. In accordance with the directions of your Committee on October 20th, 1944, we have examined the non-munitions requirements program for India for the first year of Stage II.

2. In making our recommendations, we have taken into account the fact that India occupies an important position in the Japanese war and that the end of the war in Europe is not likely to permit any significant relaxation of the war effort in India during the first year of Stage II.

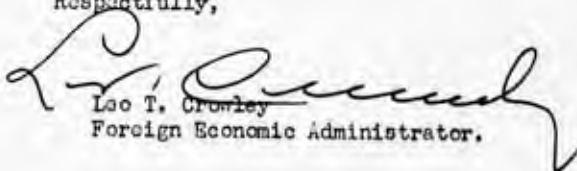
3. Our conclusions on the requirements program submitted are set out below and have been arrived at after full consideration of the program presented by the representatives of the Government of India. This program will be subject to a adjustment in the light of the changing circumstances of the war against Japan.

- a) The Foreign Economic Administration regards the non-munitions program as set forth in the attached schedule, totalling \$176,680,000, as appropriate for provision under Lend-Lease in the first year of Stage II, subject to the conditions and comments set forth below and the annotations contained in the attached schedule.
- b) The financing of the above program is subject to funds made available by the Congress of the United States for expenditure under the Lend-Lease Act. When application is made for such funds there will be included an appropriate additional allowance for contingencies other than those included in the attached schedule.
- c) The furnishing of the items set forth in the schedule attached hereto will depend upon the availability of supplies and transport, or their allocation by the appropriate authorities. The Foreign Economic Administration will consider Lend-Lease applications in the light of (1) the relative needs of

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- d) The Foreign Economic Administration will review the end use to which requisitioned items will be put for conformity with the provisions of the Lend-Lease Act and with the program now accepted.
- e) A special contingency fund of \$15,000,000 for capital equipment has been included in the annexed schedule so that adequate financing will be available in the event the Foreign Economic Administration determines that such equipment is eligible for Lend-Lease under arrangements to be mutually agreed upon.
- f) The item of locomotives, wagons and railway equipment, for which financial provision has been made in the annexed schedule, has been accepted under an agreement that the Government of India will pay on delivery subject to whatever financial arrangement may subsequently be worked out. This agreement is set forth in an exchange of letters between the Foreign Economic Administration and the India Supply Mission.
4. The Foreign Economic Administration understands that the Government of India undertakes, subject to similar conditions as to the availability of supply and transport and end-use mentioned in paragraphs (c) and (d) above, to continue throughout the first year of Stage II to furnish on Reciprocal Aid supplies and services in accordance with the attached note submitted by representatives of the Government of India.

Respectfully,


Leo T. Crowley
Foreign Economic Administrator.

December 5, 1944

NOTE ON INDIAN RECIPROCAL AID

The Government of India will continue to furnish Reciprocal Aid during Stage II on the same basis as hitherto. It will be appreciated, however, that the actual extent of such aid will depend on a number of factors including the availability of supplies and the strength of the military forces located in or near India.

It is the view of the Government of India that India's real resources (labour, food, transportation, coal, raw materials, etc.) are already over-mortgaged; in consequence deliveries against existing supply programmes are already behind.

The quantum of Reciprocal Aid which can be made available hereafter must necessarily be conditioned by these factors. Nevertheless, as stated above, within the limits of India's resources the Government of India will continue to furnish the requirements of the United States under Reciprocal Aid on the basis already in force and subject to similar conditions as to availability of supply and transport.

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Mission : INDIA SUPPLY

NOVEMBER 28, 1944

SUMMARY

ESTIMATES OF LEND-LEASE REQUIREMENTS FOR THE FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	SUPPLY STATUS AND END USE
1.	240	Automotive			3,500	These estimates have been assembled according to the "Standard List of Items for 1945 Non-Military Requirements of Lend-Lease Countries," also known as the "Fiscal Code". This was the code previously used for all Lend-Lease Estimates. The form used is the same as that used for previous estimates, with the exception of the heading.
2.	610	Agricultural Products - Foodstuffs			500	
3.	620	Agricultural Products - Other than Foodstuffs			2,900	
4.	630	Machinery, Equipment, Materials and Supplies			42,460	
5.	640	Metals and Minerals			32,600	
6.	648	Bar Silver			58,000	
7.	650	Chemicals			500	
8.	670	Textiles			1,200	
9.	680	Lumber Products			6,500	
10.	686	Medical Supplies			500	
11.	686	Not Otherwise Classified			3,020	
12.		Miscellaneous Canteen Stores			10,000	
13.		Contingencies			15,000	
		GRAND TOTAL			176,680	

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ESTIMATES OF LEND-LEASE REQUIREMENTS FOR THE FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	SUPPLY STATUS AND END USE
1.	240 244	<u>VEHICLES (OTHER THAN ORDNANCE)</u> <u>Miscellaneous Automotive Supplies</u> Spares for Civilian and G.W. Vehicles	§		1000	This estimate falls within the agreed quota of \$30 per truck and \$12 per automobile per year. Distribution is controlled in India under the Motor Vehicles Spare Part Control Order. Release of these items is granted only for use on a specific essential vehicle, maintenance of which is permitted because, though operated by civilians, it has been classified as essential to the War Effort. Most of the vehicles so maintained are engaged in work which is actually part of the military effort such as road-building, making of aerodromes, transport of materials, ordnance factory supplies etc. Available in U.S.A.
2.		Spares for non standard and non common Military Vehicles.	§		2,300	This estimate falls within the agreed quota of \$70 per truck and \$12 per passenger car. Distribution is controlled in India under the Motor Vehicles Spare Part Control Order. Available in U.S.A.
3.		Spark Plugs for Oil and Gas Engines	Ea.	280,000	200	For maintenance of power supply in various essential war uses. Available in U.S.A.

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Mission : INDIA SUPPLY

ESTIMATES OF LEND LEASE REQUIREMENTS FOR THE FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	SUPPLY STATUS AND END USE
	<u>610</u>	<u>AGRICULTURAL PRODUCTS - FOODSTUFFS</u>				
1	611	Special Foods	Net Tons	about 1,500	500	Available in U.S.A. e.g. Skim Milk for distribution under Government Control.
	<u>620</u>	<u>AGRICULTURAL PRODUCTS - OTHER THAN FOODSTUFFS</u>				
2	623	Leaf Tobacco	L. T.	2,450	2800	Required for incorporation with Indian tobacco in the manufacture of cigarettes for the armed forces. Available in U.S.A.
3	623	Pipe Tobacco	L. T.	94	100	For use and distribution exclusively to troops in India. Available in U.S.A.

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ESTIMATES OF LEND-LEASE REQUIREMENTS FOR THE FIRST YEAR OF STAGE 2.

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	SUPPLY STATUS AND END USE
	630	<u>MACHINERY EQUIPMENT MATERIALS & SUPPLIES</u>				
	630	<u>Agricultural Equipment</u>				
1.		A) Implements	Each	3,584	636) Required in connection with the Government) of India's "Grow more Food" Campaign.) In short supply.
2.		Implement Spares	\$	--	201	
3.		B) Dairy Equipment	Each	5,278	215	
4.		Dairy Equipment Spares	\$	--	10	
5.		Tractors	Each	120	350	For use in reclaiming weed-infested land and breaking new land for cultivation, to help grow more food in India. In short supply.
6.		Tractors Spares	\$	--	50	
7.		Air Conditioners and Spares	\$	--	750	For ambulances and hospitals. Extremely tight supply position.

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ESTIMATES OF LEND-LEASE REQUIREMENTS FOR THE FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	SUPPLY STATUS AND END USE
	636	<u>RAILROAD EQUIPMENT, MATERIALS AND SUPPLIES</u>				
	636	Locomotives and Wagons			30,000	Referred back by U. S. War Dept. for inclusion in non-munitions program.
1.		Broad-Gauge Locomotives	Each	60		} Available in U.S.A.
2.		Meter-Gauge Locomotives	Each	128		
3.		Broad-Gauge Wagons	Each	6,000		
4.		Meter-Gauge Wagons	Each	1,717		
5.	636	Locomotive Boilers	Each	200	2,500	For the Indian State Railways - Available in U.S.A.
6.	636	Locomotive and Wagon Spares and Components	\$	--	<u>2,000</u>	" " " " " - There may be bottleneck items.
				TOTAL	34,500	

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ESTIMATES OF LEND LEASE REQUIREMENTS FOR THE FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	SUPPLY STATUS AND END USE
1.	639	Glass Bulbs for Electric Lamp Bulb manufacture	Each	9,000,000	200	A brief summary of the lamp position in India is as follows: Approx. annual consumption of General Lighting Lamps, based on survey in 1940 - - 18,000,000 Local production (maximum capacity, not yet reached) - - - - - 9,000,000 Bal. to be imported from overseas - 9,000,000 End Use is: Military against demand already received - 11% Factories and Mills - - - - - 28% Public Works Dept. of Govt. of India - - - 2% Railways - - - - - 3% Ordnance Factories - - - - - 5% Provincial Govt. & Elec. undertakings - - 25% Navy - - - - - 15% Civil users (under Government control) - - 23% Available in U.S.A.
2.	639	Electric Lamp Bulbs, General Service sizes ranging from 15 to 1000 watts	Each	9,000,000	2100	
3.	639	Electric Lamp Bulbs, Miniature	Each	2,000,000	100	For Flashlights, automobile lamps, etc. in essential use. Available in U.S.A.
4.	639	Battery Materials	\$	-	400	Required for the manufacture of Batteries in India. Entire output controlled by Govt. and will be allocated to the Military and R.A.F. in proportion of 50% and 40%, 10% only for civilian use. There may be one or two bottleneck items. Available in U.S.A.
5.	639	Lighting Carbons	Each	4,000,000	100	Used in making process cuts for newspapers, etc. Available in U.S.A.

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ESTIMATES OF LEND-LEASE REQUIREMENTS FOR THE FIRST YEAR OF STAGE 2.

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Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	SUPPLY STATUS AND END USE
1.	639	Typewriters, Standard and Portable	Each	12,000	1,000	(For use by military, Government and essential
2.	639	Other Business Machines	\$	-	250	war industries only. Available in U.S.A.
3.	639	Cutting Tools	Each	212,000	100	for use in ordnance factories, shipyards,
4.	639	Woodworking Tools	L. Tons	140	200	railways shops, and other essential
5.	639	Files and Rasps	\$	-	300	war industries. Probably available in U.S.A.
6.	639	Spares for Pneumatic Tools	\$	-	300	

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ESTIMATES OF LEND LEASE REQUIREMENTS FOR THE FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	SUPPLY STATUS AND END USE
	640	<u>Metals and Minerals</u>				
1.	641	Steel	L.T.	15,000	2,000	Includes (a) wire rope for collieries, shipping operations, railways, harbours, etc.; (b) mill rolls for steel rolling mills; boiler tubes, rails, wheels, tyres and axles for railways; (c) tinplate for foods and medicines for the armed forces; (d) bolts and nuts for use in munitions production, ship repair, construction of rolling stock, military vehicles, army bridges, docks, etc.; (e) hoop and strip for haling jute, cotton, etc.; (f) drum sheets for military purposes. Probably available in U.S.A.
2.		Tinplate	L.T.	40,000	1,400	
3.		Billets	L.T.	78,000	4,400	
4.		Rails and accessories	L.T.	11,000	1,100	
5.		Hoops and strip	L.T.	5,000	600	
6.		Tubes	L.T.	32,000	5,700	
7.		Wheels, tyres & axles	L.T.	4,000	1,200	
8.		Bolts and nuts	L.T.	1,300	2,300	
9.		Tool steel	L.T.	5,000	1,000	
10.		Rolls	L.T.	6,800	2,300	
11.		Drum Sheets	L.T.	130,000	10,300	
	648	<u>Other Metals and Minerals</u>				
12.		Ferro-Molybdenum	L.T.	107	100	For use in the manufacture of Mill Rolls and High-Speed Tool Steels. Available in U.S.A.
13.		Chrome Magnesite Bricks and shapes	L.T.	380	200	These are required for use in the production of Steel. 99% of materials asked for are required by Steel Industries in India for maintenance of furnaces. The refractories asked for are not produced in India and no suitable substitutes have yet been found from indigenous sources. Available in U.S.A.

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ESTIMATES OF LEND-LEASE REQUIREMENTS FOR THE FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	SUPPLY STATUS AND END USE
1.	648	Bar Silver	fine ounces	80,000,000	58,000	For coinage purposes. This material is to be transferred under special arrangements which provide for return at an agreed period after the termination of hostilities. Available from U.S.A.

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ESTIMATES OF LEND-LEASE REQUIREMENTS FOR THE FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	SUPPLY STATUS AND END USE
	650	<u>CHEMICALS</u> Sulphur (NOTE: Other chemicals would be included in the following groups: 639 Battery Materials 690 Tyre and Rubber manufacturing Materials)	Long Tons	24,000	500	Required for production of Sulphuric Acid for War Industry. Available in U.S.A.

ESTIMATES OF LEAD-TIME REQUIREMENTS FOR THE FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	UNIT STATES AID END USE
1.	670	<u>TEXTILES AND HIGH-TECH</u> Rayon and Nylon Fabric & Cord for Tyres	L.T.	600	1,200	For the manufacture of aircraft tyres for the U.S.A.A.F. in India. In short supply.
2.	680	<u>TIMBER PRODUCTS</u> Oregon Pine	L.T.	25,000	900	For construction of harbor lighters and small craft and for ship repair generally. Available in U.S.A.
3.	680	Plywood for Tea Chests	Sq. Ft.	22 Million	1,000	Apart from a relatively small quantity obtained from indigenous sources, India must look to the United States to meet the very large demand for this material. These figures represent only that part of India's tea chest plywood requirement which will be used to make chests to contain tea for the Armed Forces, and for Reciprocal Aid. Available in U.S.A.
4.	680	Paper, all types	L.T.	10,000	4,300	For Government and other essential uses. In short supply.
5.	680	Nasobite	L.T.	2,500	300	For construction of bodies and radio boxes for Military vehicles, combat and cargo vessels, pontoons, instrument panels for aircraft, etc. Probably available.

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ESTIMATES OF LEND LEASE REQUIREMENTS FOR THE FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	SUPPLY STATUS AND END USE
1.	686	<u>MEDICAL SUPPLIES</u> (Military Demand)	\$	--	500	Ordinarily the Indian military demand for medical supplies is met by the United States War Dept. That Department finds itself unable to accept certain so-called "non-standard" items. Consequently, on such decisions by the U.S. War Department, recourse must be had to Cash Purchase. It is suggested that in such cases responsibility for procurement might be accepted by F.E.A. Available in U.S.A.

ESTIMATES OF LEND-LEASE REQUIREMENTS FOR THE FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	SUPPLY STATUS AND END USE
690		ALL OTHER COMMODITIES AND ARTICLES NOT OTHERWISE CLASSIFIED				
690		Abrasives	L. Tons	650	100	For the mfg. of grinding wheels used in the making of rifles, machine guns, and other ordnance. Available in U.S.A.
690		Carbon Black	L. Tons	7,000	100	Carbon Black cannot be produced in India. The requirement will be used for the following purposes by the indicated percentages: Tyres (Motor, Cycle, and Aeroplane) 70% Electrical Cables 5% Industrial Hose 5% Railway Fittings 5% Gas Masks 5% Army Footwear 4% Rubber Fabrics 2% Ind. Sheet Packing 2% Misc. Items 2% Available in U.S.A.
690		Materials for the manufacture of tyres and other rubber items	L. Tons	6,000	2,600	For mfg. of military vehicle and aircraft tyres. Available in U.S.A.
690		Mercuric Oxide, Yellow and Red if available	L. Tons	19	100	Required for embodiment in Antifouling composition used for the underwater protection from marine pests of steamers and transports. In tight supply.
690		Monolite Fast Red, G.N.S. No. 5 (or substitute)	L. Tons	20	20	Entirely for mfg. of paints and dyes for military use. In tight supply.
690		Miscellaneous	\$	--	100	Small quantities of various essential materials.

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ESTIMATES OF LEND LEASE REQUIREMENTS FOR THE FIRST YEAR OF STAGE 2

Category: Miscellaneous

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	SUPPLY STATUS AND END USE
1.		Miscellaneous Goods for the India Canteen Stores	\$		10,000	The Indian Canteen services operate solely to meet the need of the Allied armies within the borders of India. The canteen service is under the control of the Quartermaster General in India. All canteen stores are issued by the canteen services in accordance with a basic scale determined by the military authorities. Distribution is effected only through installations under the control of the Quartermaster General in India.
2.		Contingencies	\$		15,000	This contingency fund for capital goods which will have war uses and possible peacetime uses is referred to in para. 3(e) of covering letter from Mr. Crowley to Mr. Morgenthau.

The Honorable
The Secretary of the Treasury
Washington, D. C.

My dear Mr. Secretary:

1. In accordance with the directions of your Committee on October 20th, 1944, we have examined the non-munitions requirements program for New Zealand for the first year of Stage II.

2. In making our recommendations, we have taken into account the fact that New Zealand occupies an important position in the Japanese war and that the end of the war in Europe is not likely to permit any significant relaxation of the war effort in New Zealand during the first year of Stage II.

3. Our conclusions on the requirements program submitted are set out below and have been arrived at after full consideration of the program presented by the representatives of the Government of New Zealand. This program will be subject to adjustment in the light of the changing circumstances of the war against Japan.

- a) The Foreign Economic Administration regards the non-munitions program as set forth in the attached schedule, totalling \$21,127,000, as appropriate for provision under Lend-Lease in the first year of Stage II, subject to the conditions and comments set forth below and the annotations contained in the attached schedule.
- b) The financing of the above program is subject to funds made available by the Congress of the United States for expenditure under the Lend-Lease Act. When application is made for such funds there will be included an appropriate additional allowance for contingencies other than those included in the attached schedule.
- c) The furnishing of the items set forth in the schedule attached hereto will depend upon the availability of supplies and transport, or their allocation by the appropriate authorities. The Foreign Economic Administration will consider Lend-Lease applications in the light of (1) the relative needs of all claimants at the time,

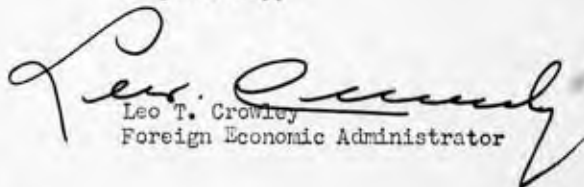
- 2 -

(2) supplies available from other sources, and (3) the New Zealand stock position of the item in question.

- d) The Foreign Economic Administration will review the end use to which requisitioned items will be put for conformity with the provisions of the Lend-Lease Act and with the program now accepted.
- e) A special contingency fund of \$3,000,000 for capital equipment has been included in the annexed schedule so that adequate financing will be available in the event the Foreign Economic Administration determines that such equipment is eligible for Lend-Lease under arrangements to be mutually agreed upon.

4. The Foreign Economic Administration understands that the Government of New Zealand undertakes, subject to similar conditions as to the availability of supply and transport and end-use mentioned in paragraphs (c) and (d) above, to continue throughout the first year of Stage II to furnish on Reciprocal Aid supplies and services in accordance with the attached note submitted by representatives of the Government of New Zealand.

Respectfully,


Leo T. Crowley
Foreign Economic Administrator

December 5, 1944

RECIPROCAL AID - NEW ZEALAND

In terms of a note of 3rd September, 1942, and an exchange of letters of 15th December, 1943, the Government of New Zealand undertook to provide supplies to the Armed Forces of the United States in the South Pacific area by way of Reciprocal Aid. Provision was made in these documents for special conditions to apply to supplies made available for areas outside the South Pacific, but no such conditions have in fact been imposed, and though in the past New Zealand supplies have generally been confined to the South Pacific area, in actual practice substantial quantities of foodstuffs and other supplies have been provided for other areas. So long as New Zealand continues to be the most practical source of supply for foodstuffs and other appropriate commodities, the New Zealand Government will continue to further the common war effort, by accepting requisitions for supplies for United States forces in any part of the Pacific or in adjacent areas involved in the war against Japan.

It will be understood that the ability of New Zealand to meet such requisitions is dependent upon its capacity to do so and in particular upon (a) its obligations and responsibilities in other areas; for example, the provision of foodstuffs for the United Kingdom, and (b) upon the continued availability of Lend-Lease supplies from the United States to an extent essential to the maintenance of production without undue straining of the Dominion's resources.

November 29, 1944

SUMMARY

(U.S.) CONFIDENTIAL
(BR.) CONFIDENTIAL

MISSION : NEW ZEALAND

LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

<u>PAGE</u>	<u>DESCRIPTION</u>	<u>VALUE (\$000)</u>	
1.	Carbon Steel and Tin Plate	5500	
2.	Fertilizers	1330	
3.	Manufactured Items	165	
4.	Medical Supplies	300	
5/6/7	Chemicals	364.3	
8.	Naval Stores	280.4	
9.	Raw Materials	188.1	
10.	Tools	750	
11.	Automotive	2000	
12.	Agricultural Equipment	3000	
13.	Tobacco	<u>1250</u>	15,127,800.00
14.	Miscellaneous Items (Essential Civilian	3000	
15.	Contingency (Industrial Equipment)	<u>3000</u>	
	GRAND TOTAL		21,127,800.00

November 29, 1944

Page 1

MISSION : NEW ZEALAND

LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

(U.S.) CONFIDENTIAL
(BR.) CONFIDENTIAL

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	Supply Status	End Use
1.	641	<u>Iron & Steel</u> Carbon Steel	S.T.	43,750	3,500	Available	<p>Required for manufacture and/or repair of the following:</p> <p>(a) naval and merchant shipping</p> <p>(b) munitions (e.g. hand grenades, mortar bombs, camp equipment, etc.)</p> <p>(c) primary industries equipment (e.g. dairying utensils, agricultural implements and tools).</p> <p>(d) toe and heel plates for military footwear.</p> <p>(e) maintenance and repair only of industrial equipment contributing directly to the war effort, such as dairy products factories, wool scouring plants, tanneries, canneries, meat freezing works.</p> <p>Other iron and steel products included in these requirements are intended for use as follows:</p> <p><u>Wire Products:</u> For food packaging for export to Armed Services Overseas and to British Ministry of Food. Also for military hospitals and civilian hospitals with military inmates; and for use on farms and their related primary industries.</p>

Regraded Unclassified

November 29, 1944

Page 1 (cont'd)

(U.S.) CONFIDENTIAL
(BR.) CONFIDENTIAL

MISSION : NEW ZEALAND
LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$00)	Supply Status	End Use
2	641	<u>Iron and Steel</u> Tinplate	S.T.	16,000	2,000	Available	Tinplate is required for packaging of foodstuffs for shipment to the Armed Forces and United Kingdom
				TOTAL VALUE	5,500		

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(U.S.) CONFIDENTIAL
(BR.) CONFIDENTIAL

MISSION : NEW ZEALAND

LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	Supply Status	End Use
		<u>FERTILIZERS:</u>					
1.	652	Rock Phosphate	L.T.	60,000	360	Available	Required for manufacture of super-phosphate fertilizers.
2.	659	Sulphur	L.T.	50,000	760	Available	Required for manufacture of fertilizers in conjunction with rock phosphate.
3.	659	Muriate of Potash	S.T.	5,000	170	Available	Required for fertilizing.
4.	659	Potassium Sulphate	S.T.	1,000	40	Short	For use as a food plant fertilizer to promote vegetable production to meet requirement of U.S. Forces and U.K.
				TOTAL VALUE	1330		

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(U.S.) CONFIDENTIAL
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MISSION : NEW ZEALAND

LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	Supply Status	End Use
		<u>Manufactured Items</u>					
1.	639	Refrigeration Equipment Components	dollars		25	Available	For manufacture of refrigeration equipment for the supply to Armed Services in forward areas and for repair and maintenance of freezing systems on refrigeration ships.
2.	670	Cotton Knitting Yarn	lbs.	90,000	90	Short	For manufacture of underwear and hose for supply to Armed Forces.
3.	639	Cardboard Matches	gross books	173,611	50	Available	To replace wooden matches made in New Zealand and required for Armed Services.
				TOTAL VALUE	165		

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MISSION : NEW ZEALAND

LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	Supply Status	End Use
1.	686	<u>MEDICAL SUPPLIES</u> Medical Supplies	dollars		300	Available	For maintenance of health of public whose work is fundamental to war effort.
				TOTAL VALUE	300		

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(U.S.) CONFIDENTIAL
(BR.) CONFIDENTIALMISSION : NEW ZEALAND
LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	Supply Status	End Use
		<u>CHEMICALS</u>					
1.	659	Sodium Chlorate	S.T.	950	180.5	Very Short	For use in elimination of ragwort, a noxious weed fatal to cattle.
2.		Methyl Ethyl Ketone	S.T.	13	2.7	Available	Paints, lacquers, dopes for camouflage purposes, for treating hides.
3.		White Arsenic	S.T.	150	15	Short	For manufacture of sheep-dip.
4.		Metachrome Mordant	S.T.	26	10	Very Short	For use in woollen mills, for dyeing cloth.
5.		Tanning Extracts	S.T.	96	13.9	Short	For tanning of leather for essential civilian and military use.
6.		Caustic Potash	S.T.	60	10	Available	For production soft soap for direct supply of the armed forces, for woollen mills and tanneries which produce a minor portion for civilian use, for sulphuration of oil used by woollen mills and tanneries, for medicinal purposes, both military and civilian, and for purification of oxygen used in welding in repairing ships.
7.		Nicotine Sulphate	S.T.	25	56	Very Short	Used as fruit and vegetable insecticide and as drenches and dips for sheep & cattle.
8.		Methyl Isobutyl Ketone	S.T.	30	7	Available	Used for manufacture of camouflage lacquer, processing leather, lacquering radio sets for services.
				TOTAL VALUE	295.1		

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(U.S.) CONFIDENTIAL
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MISSION : NEW ZEALAND

LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	Supply Status	End Use
		<u>CHEMICALS</u>					
1.	659	Stayco A	S.T.	26	3	Available	For manufacture of cardboard used for packaging of foodstuffs.
2.	659	Rubbersmakers Refined Sulphur	S.T.	100	4.5	Available	Used in processing of rubber for uses directly related to war effort, e.g. agriculture, dairy freezing works, tyre retreading, etc.
3.	659	Formaldehyde	S.T.	88	11.7	Available	For manufacture of buttons, also for soil sterilization for tomato growing for tanning of leather.
				TOTAL VALUE	19.2		

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(U.S.) CONFIDENTIAL
(BR.) CONFIDENTIALMISSION : NEW ZEALAND
LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	Supply Status	End Use
		<u>CHEMICALS</u>					
1.	690	Freon Gas	dollars		5	Short	Used as a refrigerant in freezing works and other industries related to war effort.
2.	690	Cyanogas	lbs.	50,000	23	Available	Used as a gas for destruction of rabbits and rats which destroy food crops.
3.	690	Pine Oil	gals.	33,000	22	Available	Disinfectant in military hospitals for sheep-dip and anti-fouling paint for ships' bottom.
				TOTAL VALUE	50		

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(U.S.) CONFIDENTIAL
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MISSION : NEW ZEALAND

LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	Supply Status	End Use
		<u>NAVAL STORES</u>					
1.	659	Pine Tar Retort	S.T.	116	17.4	Available	Used in Reclamation of waste rubber.
2.	659	Rosin Oil	gals.	45,000	30	Available	Used in preparation of sheep-dip, sheep branding fluids, also a small portion for skip grease for direct war use.
3.	659	Turpentine	gals.	138,000	83	Available	For manufacture of paints, varnishes, polishes, animal drenches and dips and disinfectants.
4.	659	Gum and Wood Rosin	S.T.	1,500	150	Available	Used in production of amnitions, sizing of paper and in food packaging, soap, paints, sheep-dip and disinfectants.
				TOTAL VALUE	280.4		

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(U.S.) CONFIDENTIAL
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LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	Supply Status	End Use
		<u>RAW MATERIALS</u>					
1.	690	Carbon Black	S.T.	520	119.6	Available	Used in following manufactures: rubber, paint, printing ink, boot polish, paper.
2.	690	Dextrine	S.T.	310	32	Available	Used in preparation of labels and adhesives for packaging foodstuffs, making paper bags, cardboard and "inners" for packing materials, also used in manufacture of wall board.
3.	690	Filter Earth	S.T.	40	1.5	Available	Used in manufacture of lactos from milk. Lactos is included in preparation of a compound for coating tracer bullets.
4.	690	Refractory Material	S.T.	242	25	Available	Required in industrial furnaces and oven linings.
5.	690	Diatomaceous Earth	S.T.	216	10	Available	Used for filtering used lubricating oils, preparation of neat's foot oil, spirits for cleaning and certain milk products.
				TOTAL VALUE	188.1		

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LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	Supply Status	End Use
1-	690	<u>HAND TOOLS</u> Tools, Small and Hand (except Power Driven)	\$	750,000	750	Available if pattern of requirement by industry division follows that of 1944	Small and Hand Tools are required for purposes as follows: For maintenance of Military Camps, Naval Barracks, Aerodromes. For Merchant and Naval Shipping repairs and construction. For hospitals. For maintenance of transportation by rail, road, air and water. For food preservation and production. For maintenance of public utilities. At least 70% is directly related to the war effort.
				TOTAL VALUE	750		

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LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	Supply Status	End Use
1.	241	<u>AUTOMOTIVE</u> Trucks: Medium and Light-Heavy	Each	795	1,000	Very Short	Required for replacement purposes only for the transportation of (a) food products in raw and processed state, (b) raw materials for and finished products of the munitions industries and other industries directly related to the war effort. Above transportation is largely inter-city where railroad connections do not exist and partly for intra-city use and in country areas.
2.	244	Automotive Repair Parts and Accessories	\$	1,000,000	1,000	Available	Required for maintenance and repair of trucks used as described above, and also of essential services cars and other vehicles.
				TOTAL VALUE	2,000		

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LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	Supply Status	End Use
1.	632	<u>AGRICULTURAL EQUIPMENT</u> comprising:	‡	3,000,000	3,000	Available except as follows:	For production of food-stuffs for supply to Armed Forces and U.K.
		1,583 Tractors	10 Tractor Hoe Listers			1022 Mowers - short	
		438 Garden Tractors	150 Other Planting, Wooding, etc.			471 Haybalers -	
		500,000 lbs. Tractor Spares	150 Furrow Openers			available dependent	
		30 Disc Flows	87 Harrows			on capacity of sup-	
		1,022 Mowers	24 Distributors			plier to increase	
		1,067 Haying Machine Attachments	31 Seeders			production.	
		720 Attachments for Cultivators	24 Broadcast Seeders			193 Power Sprayers	
		438 Cultivators (garden Tractors)	241 Combines			- short	
		242 Hydraulic Attachments	165 Engines				
		613 P.T.O.	575 Mouldboard Plows				
		6 Pairs Wheels	100 Power Sprayers				
		10 Pulley Assemblies	50 Dusters Hand				
		471 Haybalers	12 Transplanters				
		25 Hay Loaders	6 Weeders				
		218 Cultivators	3 Onion Pullers				
		10 Planters	2 Topper Graders				
		48 Cornshellers	500,000 lbs. Machine Spares				
				TOTAL VALUE	3,000		

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November 29, 1944

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LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	Supply Status	End Use
1	623	<u>TOBACCO</u>	lbs.	1,950,000	1,250	Available	For mixing with New Zealand tobacco for supply to Armed Services.
				TOTAL VALUE	1,250		

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LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	Supply Status	End Use
1.		MISCELLANEOUS ITEMS (essential civilian)	\$	3,000,000	3,000		Essential civilian use. Durable goods, industrial machinery and equipment, and goods needed for capital improvements, such as civilian housing developments, are not to be provided from this fund. Items in short supply in the United States are not included.
				TOTAL VALUE	3,000		

December 2, 1944

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LEND-LEASE REQUIREMENTS FOR FIRST YEAR OF STAGE 2

Item No.	Fiscal Code	DESCRIPTION	Unit	Quantity	Value (\$000)	Supply Status	End Use
		CONTINGENCY (INDUSTRIAL EQUIPMENT)	\$	3,000,000	3,000		This contingency fund for Capital Goods which will have war uses and possible peacetime uses is referred to in Paragraph 3(e) of covering letter from Mr. Crowley to Mr. Morgenthau.

EMBASSY OF THE
UNITED STATES OF AMERICA

154

UNRESTRICTED

No. 11,230.

Santiago, December 5, 1944.

Subject: Chilean Government has communicated to German Government the fact that the United States Government is empowered to negotiate exchange of claimants to Chilean nationality for German nationals in this hemisphere.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to report that, by its Note Verbale No. 2517 of October 24, 1944, the Embassy asked the Foreign Office whether the Chilean Government had communicated to the German Government, through its protecting Power, the fact that the United States Government was empowered to negotiate exchanges of claimants to Chilean nationality for German nationals in this hemisphere. The Embassy suggested that, if such action had not yet been taken, the Chilean Government might wish to request the Swiss Government through the Chilean Mission at Bern to inform the German Government that such authorization had been granted to the United States Government.

There has been received from the Foreign Office a Note Verbale in reply, in which it is stated that instructions have been cabled to the Chilean Legation in Bern in the sense of the suggestion contained in the Embassy's Note Verbale.

The Foreign Office adds that, in accordance with conversations held in May 1944, the Government of Chile reserves the right to authorize or to deny entrance into Chile of bearers of Chilean passports who may take advantage of the exchange.

Respectfully yours,

CLAUDE G. BOWERS.

GDA:ed
701

CABLE TO WINANT, BONDON, FOR MANN FROM WAR REFUGEE BOARD

Please deliver the following message to Jacobus H. Oldenbroek,
International Transportworkers' Federation, 25 Euston Road, London, N.W. 1,
from Suzanne LaFollette, United Nations Relief, AFL:

QUOTE BALANCE OF \$75,000 NOW HELD IN SWITZERLAND FOR DUTCH
LABOR FUND TRUSTEES IN LUXEMBOURG THEREFORE CANNOT USE PAY-
MENT OF \$75,000 TO DUTCH LEGATION IN SWITZERLAND WILL BE
AUTHORIZED UPON YOUR NOTIFICATION TO WAR REFUGEE BOARD REPRESENTATIVE IN LONDON THAT DUTCH GOVERNMENT HAS TURNED OVER
EQUIVALENT AMOUNT FOR RELIEF IN OCCUPIED HOLLAND PLEASE
ADVISE AS SOON AS POSSIBLE UNQUOTE

THIS IS WRB LONDON CABLE NO. 29.

11:30 a.m.
December 5, 1944

LEGATION OF THE
UNITED STATES OF AMERICA

Kabul, December 5, 1944.

No. 608.

Subject: Relief and Repatriation of German Refugees.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to report that German refugees residing in Kabul have recently asked this Legation for information concerning arrangements which have been made, or are being made, for the relief of refugees still in Nazi hands and for the repatriation of refugees who have escaped abroad.

Specific inquiry has been made concerning an organization in New York which is understood to forward food parcels to persons interned in a concentration camp for aged Jews at Theresienstadt in Czechoslovakia. It is stated that this organization also assists in arranging the release and emigration from Nazi-controlled territory of persons interned at Theresienstadt.

Local German refugees who wish later to return to liberated portions of their homeland are interested in reports that the Inter-Governmental Committee on Refugees at a meeting in London in August 1944 proposed that religious and political refugees be repatriated by the United Nations Relief and Rehabilitation Administration. They wish to know what procedure should be followed by refugees who desire repatriation.

Any information which the Department can provide in this connection would be much appreciated by the interested parties.

Respectfully yours,

/s/ C. Van H. Engert
C. Van H. Engert

File No. 848

EGM/rhw

CABLE TO AMERICAN CONSULATE, JERUSALEM, FROM WAR REFUGEE BOARD.

Please deliver following message to Charles Passman from M. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE YOUR 279. GLAD YOU AUTHORIZED SHIPMENT FIFTY TONS SUPPLIES AND HOPE YOU ABLE PURCHASE BALANCE SUPPLIES TEHERAN. FULLY AGREE MAGNES CABLE TO SOUTH AFRICAN WAR APPEAL THAT DUPLICATION WILL BE HARMFUL AND IMPORTANT THERE BE COORDINATION RELIEF PROGRAMS LIBERATED POLAND. EXPECT HAVE SIMILAR SITUATION WITH SOUTH AMERICAN CONTRIBUTIONS AND WE TAKING POSITION THAT IF OUR SERVICES USED THIS MUST BE DONE ON BASIS COORDINATING PROGRAM. REFERENCE OUR CABLE TO YOU WHICH UNCLEAR WE CABLED YOU FOLLOWING: INNERQUOTE ASSUMING SCHWARTZ PROCEEDS POLAND BELIEVE THERE WILL BE NO OBJECTION FROM ANY SOURCE TO SUPPLIES BEING USED FOR JEWISH AND NON-JEWISH PERSONS IN NEED IN WHICH EVENT UNDERSTAND POLISH GOVERNMENT WILL PARTICIPATE IN COST SUPPLIES. MEANWHILE WE PURCHASING HERE \$250,000 SUPPLIES FOR SHIPMENT LIBERATED POLAND AND FOR USE POLISH REFUGEES IN SOVIET UNION. END INNERQUOTE. AUTHORIZE YOU PURCHASE IN PALESTINE UP TO \$50,000 MEDICAL SUPPLIES ACCORDING LIST ITEMS SENT YOU. WE HERE PURCHASING SHOES BLANKETS SOAP CONCENTRATED FOODS. THESE SUPPLIES WILL BE SHIPPED THROUGH RUSSIAN CHANNELS AND PRESUMABLY WILL BE SENT DIRECTLY TO LUBLIN FOR DISTRIBUTION NEEDED LIBERATED POLAND AND POLISH REFUGEES SOVIET UNION. DOUBT WHETHER SCHWARTZ CAN ARRIVE POLAND PRIOR TO ARRIVAL SUPPLIES BUT DOING UTMOST SECURE HIS IMMEDIATE ENTRY. MEANWHILE WE PREPARED AND TRUST DISTRIBUTION SOMMERSTEIN AND JEWISH RELIEF COMMITTEE. WE AWAITING DAILY CLEARANCE YOUR ENTRY RUMANIA AND MUST POINT OUT WE AUTHORIZED YOUR ENTRANCE WITH KATZKI WHEN MATTER FIRST BROUGHT OUR ATTENTION EARLY SEPTEMBER BUT PERMISSION WAS ESSENTIAL AND FOR MANY REASONS WE CANNOT OPERATE LIKE OTHER ORGANIZATIONS. WE AUTHORIZE KESSLER RETURN TO NEW YORK AND HOPE SEND EARLY NEXT YEAR ARTHUR FISHZOHN AS REPLACEMENT. WE AUTHORIZE PAYMENT 500 SWISS FRANCS PER PASSENGER SALADHIN IN ACCORDANCE WITH REQUEST FROM PILPEL PRIOR RECEIPT YOUR CABLE THAT 175,000 SWISS FRANCS BE PAID. REGARDING 60,000 POUNDS CENTRAL BANK COLLECTED FOR PARCELS SERVICE ASSUME YOU OBTAINING NECESSARY PERMISSION FROM PALESTINE TREASURY THAT THESE FUNDS AVAILABLE FOR OUR PALESTINE APPROPRIATION. UNQUOTE

2:15 p.m.
December 5, 1944

CABLE TO NORWEB, LISBON, FROM WAR REFUGEE BOARD.

Please deliver following message to Robert Pilpel from M. A. Leavitt
of American Jewish Joint Distribution Committee:

QUOTE YOUR 122. PLEASE DISCUSS WITH SCHWARTZ ADVISABILITY
OUR PROVING FUNDS FOR SHIPMENT PARCELS FROM STOCKHOLM ARRANGED
BY STORCH EVEN THOUGH MARGOLIS BELIEVES OTHERWISE. IF LACK OF
FUNDS PREVENTS PARCELS REACHING INTERNEES OUR VIEW IS WE SHOULD
BE PREPARED PROVIDE FUNDS UNLESS MARGOLIS CONVINCED THAT EQUIVALENT
NUMBER PACKAGES CAN BE SENT DIRECTLY BY US. UNQUOTE

THIS IS WRB LISBON CABLE NO. 120.

2:15 p.m.
December 5, 1944

AF-1737
Distribution of true
reading only by special
arrangement. (SECRET W)

Lisbon

Dated December 5, 1944

Rec'd 1 p.m., 6th

Secretary of State,

Washington.

4130, December 5, 1 p.m.

THIS IS WRB 267 JDC 130 FOR LEAVITT FROM PILPEL.

Reports are that Bert Jacobson, Bucharest, has informed Intercross representative there that hias may provide funds for general program. Two million Swiss francs have been spent by Filderman Rumania, Saly providing another one million credit. Food and clothing available Vienna. Situation well in hand. Saly providing funds for people living in eight camps. Intercross assisting Bratislava situation which is bad. Informed that people from Belgium have been interviewed by Schwartz Paris.

CROCKER

WTD

DMH-1738
Distribution of true
reading only by special
arrangement. (SECRET W)

Lisbon
Dated December 5, 1944
Rec'd 1 p.m., 6th

Secretary of State

Washington

4131, December 5, 1 p.m.

Please meet Henrique Monzenes Mexican citizen and
Alexandro Ramos Palau and advance funds necessary for
trip to Mexico. This is POB 268 Unitarian 386 from
Elibabeth Dexter for Charles Joy. These men sailed
December 2 on JOAO BELLO.

CROCKER

DU

CABLE TO MINISTER HARRISON, BERN, FOR MC CLELLAND, FROM WAR REFUGEE BOARD.

Please deliver the following message to Isaac Sternbuch, St. Gall,
from Rabbi Abraham Kalmanowitz of the Vaad Hahatzala Emergency Committee:

QUOTE REMITTED YOU DECEMBER FIRST \$100,000 IN SWISS FRANC
EQUIVALENT. HOPE TO MAKE ADDITIONAL TRANSFERS SOON TO SUPPORT
YOUR RESCUE ENDEAVORS. ADVISE HOW MANY OF SHANGHAI RABBINICAL
GROUP APPEAR ON EXCHANGE LIST. UNQUOTE

THIS IS WRB BERN CABLE NO. 310.

11:30 a.m.
December 5, 1944

CABLE TO MINISTER HARRISON, BERN, FOR MC CLELLAND, FROM WAR REFUGEE BOARD.

Please deliver following message to Dr. Joseph Schwartz from M. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE WE AWAITING YOUR AGREEMENT REGARDING TENTATIVE APPROPRIATIONS MADE FOR RUMANIA, HUNGARIAN REFUGEES RUMANIA, FRANCE, LIBERATED POLAND ETCETERA CABLED YOU LONDON ALSO REGARDING ADDITIONAL \$260,000 APPROPRIATION FOR GREECE. PASSMAN CABLED WE AUTHORIZE HIM ORDER 20,000 PAIR SHOES PALESTINE FOR USE BALKANS WHICH ASSUME WILL RUN OVER \$100,000. WE WOULD BE PREPARED AUTHORIZE PASSMAN PROCEED HIS PURCHASE BUT WOULD LIKE HAVE YOUR VIEWS WHETHER EXPENDITURES SHOULD BE CHARGED AGAINST PROPOSED APPROPRIATIONS FOR BALKANS. WE HAVE NOT SET UP THESE APPROPRIATIONS ON OUR BOOKS PENDING WORD FROM YOU AND WITH END YEAR APPROACHING WE ANXIOUS YOU ADVISE US SOONEST WHETHER THESE APPROPRIATIONS FIXED AND THE APPROXIMATE TIME DURING WHICH REMITTANCES WILL BE REQUIRED. UNQUOTE

THIS IS WRB BERN CABLE NO. 312.

2:15 p.m.
December 5, 1944

SECRETOPTEL No. 394

Information received up to 10 a.m., 5th December, 1944.

1. NAVAL

GREECE. Early 4th ELAS Armed Forces attacked the Combined Naval Headquarters Athens and for a time the operations room was under small arms fire. Situation restored before noon with help of armoured cars and parachute troops. One rating killed. British did not open fire. Subsequently white ensign hoisted alongside Greek ensign. At Piraeus a general strike has resulted in power and light being cut off. Unloading has been interfered with, but continues. A 700-ton ferry with 140 passengers was sunk in Gulf of Patras. 48 survivors. No further details known.

2. MILITARY

WESTERN FRONT. Mopping up by French of wooded country round Mulhouse continues, heavy opposition from anti-tank weapons and mines being met. U.S. Forces continued to advance south of Strasbourg. North of Strasbourg 7th U.S. Army continued advance towards German frontier while on its left 3rd U.S. Army pushed on towards the Saart Saar Union now cleared of enemy and street fighting continues Saarlouis. First U.S. Army has made further slight gains east of Aix against heavy resistance. In British sector German bridgehead west of Maas at Venlo now completely cleared except for two small pockets still resisting. South of Arnhem sharp German counter attack repulsed at Bommel. Germans have breached another dam on the Lower Rhine which has considerably increased flood area. Floods are rapidly spreading westward and southward towards Maas across which British troops are successfully withdrawing with their equipment.

ITALY. Canadians attacking west of Ravenna are within two miles of the town and patrols have already entered outskirts. Further progress northwest of Russi where other Canadians have reached River Lamone. On left flank 8th Army U.K. and Polish formations have launched an attack across Lamone, S.W. of Faenza. Enemy resistance strong and bitter fighting in progress.

EASTERN FRONT. Germans report Russian attacks west of Miskole and admit Russian progress northwards between Lake Balaton and Danube. Russians report progress N.E., E., W., and S. of Kaposvar reaching to five miles south of eastern end Lake Balaton.

3. AIR

WESTERN FRONT. 4th. 1144 escorted U.S. heavy bombers attacked railway centres Soest - 494 tons, Kassel - 548, Bebra - 495, Giessen - 219, Mainz - 570, Friedberg - 300, Coblenz - 190, and the town of Fulda - 61. Considerable cloud over most objectives. No enemy fighters met. 49 bombers and 27 fighters not yet returned but 36 bombers and 23 fighters believed landed in Allied territory. 156 escorted Lancasters (2 missing) dropped 856 tons Oberhausen through cloud. Bombing considered successful. 27 escorted Lancasters dropped 136 tons through complete cloud on dam on river Urft near Heimbach. No defences met. 1175 fighters and fighter bombers (4 missing) operated successfully over the battle areas. 28 Fighter Command Spitfires attacked rocket sites in area N.E. of the Hague. 4th/5th. 988 aircraft despatched: Karlsruhe - 535 (2 missing); Heilbronn 292 (113 Lancasters missing), Hagen - 54, other targets - 12, bomber support - 95. Considerable cloud Karlsruhe. Bombing concentrated Heilbronn.

MEDITERRANEAN. 3rd. 122 escorted bombers (3 missing) attacked four railway centres Austria including Vienna - 86 tons and communications Yugoslavia - 88 tons.

4. HOME SECURITY

4th. One rocket incident.
4th/5th. Ten flying bombs plotted.

December 6, 1944

Dear Admiral Brown:

The Secretary has asked me to send the attached telegram to you for transmission to the President.

Very truly yours,

(Signed) D. W. BELL

Under Secretary of the Treasury

Admiral Wilson Brown
Map Room
The White House

DWB:NLE

December 6, 1944

To The President:

I hope that you will soon send Harry White's nomination as Assistant Secretary of the Treasury to the Senate.

Henry Morgenthau, Jr.

COPY OF TELEGRAM GIVEN TO MR. DAN BELL VIA PHONE TO BE SENT TO THE PRES.

CLASS OF SERVICE DESIRED	
DOMESTIC	CABLE
TELEGRAM	ORDINARY
DAY LETTER	URGENT RATE
SERIAL	DEFERRED
OVERNIGHT TELEGRAM	NIGHT LETTER
SPECIAL SERVICE	SHIP RADIOGRAM

Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary cablegram.

WESTERN UNION

1214

CHECK 166
ACCOUNTING INFORMATION
TIME FILED

A. N. WILLIAMS
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

To _____ 12-6-1944

Street and No. _____

Place _____

I HOPE THAT YOU WILL SEND SOON HERRY WHITE'S APPOINTMENT AS ASSISTANT SECRETARY TO THE TREASURY TO THE SENATE.

HENRY MORGENTHAU, JR.

WANT A REPLY?

"Answer by WESTERN UNION" or similar phrases may be included without charge.

GIVEN TO MR. D. BELL OVER THE PHONE FROM PHOENIX AT 8.35 AM (MWT)

Sender's address for reference

Sender's telephone number

167

CLASS OF SERVICE
 This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

1320

SYMBOLS	
DL	Day Letter
NL	Night Letter
LC	Deferred Cable
NLT	Cable Night Letter
Ship Radiogram	

A. N. WILLIAMS
PRESIDENT

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

1944 DEC 6 PM 3 33

DA44

D. XVWA198 425/425 GOVT 1/151=WUX WASHINGTON DC 6 513P
 RAPID JOSEPH GAYDICA= ★
 ADAMS HOTEL PHOENIX ARIZ=

XV

WE'RE RELEASING FOLLOWING STATEMENT NATION'S PRESS TOMORROW FROM THE SECRETARY QUOTE: ON THE THIRD ANNIVERSARY OF THE JAPANESE ATTACK ON PEARL HARBOR, SECRETARY OF THE TREASURY HENRY MORGENTHAU, JR. CALLED UPON THE PEOPLE OF AMERICA TO RECONSECRATE THEMSELVES TO THE GRAVE TASK AHEAD UNTIL THE TOTAL DEFEAT OF GERMANY AND JAPAN.

"ONLY HALF OF THE OBJECTIVE OF INDIVIDUAL AMERICANS IN THE SIXTH WAR LOAN HAS BEEN ACHIEVED," SAID THE SECRETARY. "THE DAYS ALLOTTED TO THE TASK ARE MORE THAN HALF GONE."

"THE REAL ANSWER OF HOME FRONT AMERICANS TO THEIR ENEMIES MUST COME FROM THE PEOPLE BY THEIR FULFILLMENT OF THE SHARE OF THE FINANCIAL QUOTA ALLOTTED TO THEM."

"WE OF THE TREASURY FEEL SURE THAT THE ULTIMATE ANSWER OF THE PEOPLE WILL OVERWHELMINGLY CONVINCING OUR ENEMIES THAT THE PEOPLE OF THIS NATION WILL PURSUE THEM WITH DOLLARS AS RELENTLESSLY AS OUR FIGHTING MEN PURSUE AND DESTROY THEM ON THE BATTLEFRONTS."

END 1

CLASS OF SERVICE
 This is a full-rate Telegram or Cablegram. As its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

1220

SYMBOLS	
DL	Day Letter
NL	Night Letter
LC	Deferred Cable
NLT	Cable Night Letter
Ship Radiograms	

A. N. WILLIAMS
PRESIDENT

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

DA47

1944 DEC 6 PM 3 33

D. XVWA198 2/168=WUX WASHINGTON DC RAPID
 JOSEPH GAYDICA ADAMS HOTEL PHOENIX ARIZ=

XV

"IT IS NOT ENOUGH THAT THE SIXTH WAR LOAN'S 14 BILLION DOLLARS BE RAISED. MERELY MEETING THE GOAL DOES NOT NECESSARILY CARRY WITH IT AN EXPRESSION OF DETERMINATION ON THE PART OF EVERY MAN, WOMAN AND CHILD, UNLESS IT REPRESENTS THE PURCHASE OF WAR BONDS TO THE FULL EXTENT OF EVERYBODY'S ABILITY.

"THE AMERICAN PEOPLE WILL GIVE THEIR ANSWER, I AM SURE, BY EXCEEDING THE INDIVIDUAL QUOTA IN THIS DRIVE. AS WE HAVE DONE IN THE PAST, AMERICAN CITIZENS WILL, I AM CONFIDENT, AGAIN ACHIEVE THE GOAL WHICH HAS BEEN SET FOR THEM"

WE WOULD LIKE TO HAVE THE SECRETARY RELEASE FROM THERE IN HIS MEETING TONIGHT THE FOLLOWING STATEMENT QUOTE: OUR RENEWED OFFENSIVE IN EUROPE AND ASIA HAS PUSHED EXPENDITURES OF MATERIEL TO THE HIGHEST POINT SINCE THE WAR BEGAN. PRODUCTION GOALS THAT SEEMED MORE THAN ADEQUATE A FEW MONTHS AGO MUST NOW AGAIN BE REVISED UPWARD. BY THE SAME TOKEN, OUR FINANCING GOALS MUST ALSO BE STEPPED UP. IT IS ESPECIALLY IMPORTANT THEREFORE THAT EVERY-

END 2

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its preferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

1220

(24)

SYMBOLS 189

DL = Day Letter
 NL = Night Letter
 LC = Deferred Cable
 NLT = Cable Night Letter
 Ship Radiogram

A. N. WILLIAMS
 PRESIDENT

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

DA49

1944 DEC 6 PM 3 33

D. XVWA198 3/106/105=WUX WASHINGTON DC

RAPID JOSEPH GAYDICA ADAMS HOTEL PHOENIX ARIZ=

INDIVIDUAL DO HIS PART. MONEY LOANED BY CORPORATIONS AND BUSINESS CONCERNS TO FINANCE THE WAR CAN NEVER BE SUFFICIENT TO MEET OUR NEEDS. WE CAN REACH OUR FINANCIAL GOALS ONLY IF EVERY INDIVIDUAL BUYS WAR BONDS TO THE LIMIT OF HIS ABILITY. IN THIS SIXTH WAR LOAN DRIVE WE HAVE NOT YET REACHED OUR QUOTA FOR INDIVIDUALS. UNQUOTE.

IF HE LIKES THIS STATEMENT AND PLANS TO USE IT PLEASE WIRE ME SO THAT WE CAN ALSO RELEASE IT FROM HERE TOMORROW AS COMING FROM HIM.

WE GAINED ELEVEN MILLION MORE TODAY IN E BONDS AND ARE CURRENTLY NINETY-TWO MILLION UNDER THE BEAM. PROSPECTS VERY ENCOURAGING.

TED R GAMBLE.

E



TREASURY DEPARTMENT
PROCUREMENT DIVISION



OFFICE OF THE DIRECTOR

WASHINGTON 25

December 6, 1944

SECRET

MEMORANDUM TO THE SECRETARY:

Attached is the weekly report of Lend-Lease purchases.

A requirement has been received for 10,000 pairs of Army ski-boots for relief purposes in Norway, and 6,500 pairs for Greek relief, which will be filled from Army stocks determined by the Quartermaster to be unsuited for further military use..

J. W. Pehle
J. W. Pehle
Assistant to the Secretary

171 SECRET

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

	<u>Total</u>	<u>U. K.</u>	<u>Russia</u>	<u>China</u>	<u>Administrative Expenses</u>	<u>Miscellaneous & Undistributed</u>
Allocations	\$5851.3 (5847.9)	\$2628.0 (2627.1)	\$2457.3 (2457.3)	\$133.9 (133.9)	\$17.2 (15.9)	\$614.9 (613.7)
Requisitions in Purchase	\$ 216.3 (230.9)	\$ 31.1 (25.8)	\$ 66.9 (88.6)	\$ 3.1 (1.7)	- -	\$115.2 (114.8)
Requisitions not Cleared by W.P.B.	\$ 114.6 (103.1)	\$ 23.1 (21.4)	\$ 67.3 (63.3)	\$.4 (1.9)	- -	\$ 23.8 (16.5)
Obligations (Purchases)	\$4340.7 (4316.6)	\$2041.9 (2038.6)	\$1858.1 (1842.8)	\$ 68.4 (68.3)	\$15.2 (15.0)	\$357.1 (351.9)
Deliveries to Foreign Governments at U. S. Ports*	\$2663.3 (2639.8)	\$1536.5 (1535.1)	\$1046.7 (1024.9)	\$ 25.4 (25.4)	- -	\$ 54.7 (54.4)

*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 November 22, 1944.

SECRET

Treasury Department
Division of Monetary Research 172

Date December 6 1944

To: Secretary Morgenthau

I think you will be interested
in reading the marked portions of the
appended report from our Mr. Snider in
Paris.

H.D.W.

MR. WHITE
Branch 2059 - Room 214-1/2

TREASURY DEPARTMENT

PARIS, 21 November 1944

Dear Mr. White:

I have been in Paris three weeks and would like to give you some of my impressions of economic and political developments.

Reliable economic data for France as a whole are scarce at the moment. The slender communication facilities between Paris and the provinces and the general inefficiency and decentralization of French statistical services make it virtually impossible to get a clear over-all picture from Paris. In the first few days that I was here I drew up a rather comprehensive list of questions on economic conditions during and since the occupation which I thought the Treasury would be interested in having answered. I then contacted the research section of the Ministry of Finance as well as two semi-private statistical societies (one of which publishes the official "Bulletin de la Statistique Generale de la France") for information and data. None of these sources has so far been very fruitful, but I believe that as communications improve they will be useful. Meanwhile I have been devoting most of my time to the bank investigations. The following remarks on economic conditions are, therefore, simply general judgments based on what observations I have been able to make.

Economic Conditions1. Prices and the Rate of Exchange.

The most significant fact with respect to prices is that there has not been since the liberation a single market in France. Hence it is useless and meaningless to speak of a general level of prices or to construct indexes of the cost of living, wholesale prices, etc. By virtue of the fact that transport facilities are still extremely limited, there exist in France a congeries of regional markets, each defined by the effective range of transportation available.

Naturally the city areas are worse off than the agricultural areas, a condition which also prevailed, although to a much lesser extent, during the German occupation. As you know, prices are very high for example in the Paris market. On the other hand, in the rich agricultural regions such as Normandy and Brittany prices of foodstuffs are low and supplies abundant. I have on several occasions spoken to persons recently returned from such areas who had excellent meals in public restaurants, with meat, butter, etc., for thirty and forty francs. Comparable meals in Paris cost from five hundred to a thousand francs. In some regions the populace is using butter to make soap, while butter is unobtainable in Paris except in the black market at a fantastic price.

Copy: 11/30/44

cc: Glasser-Gold, Schmidt(3), DuBois, Bronz, Brooks, Tomlinson, Delaney, Mikulich

Mr. White

21 November 1944.

Obviously as transportation improves equilibrium at a new level of prices will be reached — a level which certainly will be far below that currently prevailing in the Paris market and higher than that prevailing in most of the provincial markets. By that time other factors than transportation will have begun to enter more importantly into the picture: reconstruction, resumption of industrial production, the supply and distribution of labor, monetary policy, etc. Once France becomes again a single effective market, and normal production resumes, the structure of prices will be determined on the one hand by the backlog of liquid purchasing power which then exists, and on the other hand by the pressures exerted currently by government deficits, wage increases, etc.

So far no effective measures have been taken to reduce the highly inflated monetary circulation (including bank and savings deposits), while at the same time additional pressure on prices is being exerted by the current annual deficit on government account of some seventy billion francs for the Metropole. Furthermore, reconstruction on the one hand and modernization of industry on the other (much of France's capital equipment is obsolescent) will require considerable savings out of current domestic production, at least until foreign assets can be converted into goods and imported. At this point it does not seem very probable that such savings will be made except under a generally rising price level.

/in

All of these factors make any estimate of either the present or prospective level of prices out of the question. At the moment it can justly be said that prices prevailing/those regions where American troops are to be found are very much out of line with U. S. or British prices at the current rate of exchange. But from the point of view of the economy as a whole and its future relations with other national economies, very little can be said about the equilibrium exchange rate that makes any sense.

2. Industrial Production.

It seems pretty clearly established that, in general, French industrial capital equipment is intact, with a few notable exceptions such as railway engines and cars. At least there is no long-run problem of rebuilding destroyed and damaged factories and machinery. Neither is there much evidence that the industrial structure was warped during the occupation to fit a pattern that now would require over-all re-orientation. Apparently the German policy essentially was to leave French industry alone, and to rely on their control over the disposition of raw materials, together with the fact that Germany was the only foreign market for French goods, to achieve their aim of getting needed French products. The large industries succeeded very well, from all indications, in maintaining large profits, and from this point of view there was undoubtedly little incentive for the owners to do anything but fulfill the orders of the German war machine. Civilian production for home consumption was maintained at a much lower level than before the war, but still it was not on a bare subsistence level.

Mr. White

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21 November 1944

It has been estimated that total production in 1943 was some 30 per cent lower than in 1938, and that the Germans acquired (directly and through clearing) some 40 per cent of what was produced. Agricultural production did not fall as much as industrial production between 1938 and 1943, the former being estimated as twenty per cent lower and the latter about 40 per cent lower. While perhaps a fifth of the lowered agricultural production went to Germany, as much as two-thirds of the industrial production may have found its way to Germany.

The fall in production during the occupation can be explained largely in terms of (1) scarcity of raw materials, (2) decline in the working population and (3) decline in efficiency.

The availability of raw materials not domestically produced was, of course, determined entirely by the German authorities as a concomitant of the latter's complete control over continental Europe's trade. The Germans were primarily interested in allowing raw materials to get to France if they were to be used to manufacture goods for Germany, although a small portion was allowed to go into civilian goods for French consumption.

The decline in efficiency was attributable to the substitution of unskilled for skilled labor, the replacement of male workers located in Germany by women, and deliberate sabotage and soldiering on the job.

The decline in the number and efficiency of workers was partially offset, however, by a considerable increase in the number of hours worked. In 1938, the average work-week was 39 hours and in 1943 it was about 45 hours.

The resumption of normal industrial production in France depends upon several factors, aside from transportation problems which have been adequately described in previous reports to the Treasury.

First there is the problem of those raw materials which must be obtained outside France, such as wool and cotton. Normal stocks have in some cases been pretty well depleted, and for those industries the first requirement is the acquisition of real working capital. An indication of exactly what raw materials are required, in what quantities, and possible sources of supply will be given in a later report.

Second, there is the problem of a supply of skilled labor. According to figures released by the Government, some 2,600,000 French prisoners, laborers and deportees are now in Germany. Out of a total working population of some 20 million, of which before the war perhaps 8.0 million were in industry, the immobilization of the above number constitutes a serious problem. From a longer run point of view, of course, most of these can be expected to return to the French economy, but until then the problem remains.

Third, there is the fact that French industrial equipment is generally obsolescent. This was probably also true with respect to pre-war French industry, but the years of occupation have served to aggravate the back-

Mr. White

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21 November 1944

wardness of industry here relatively to other industrial countries, for very little or none of the technical progress and innovations introduced in the U. S. and England during the war had a counter-part in France. It has been estimated that in 1943 the average age of the some 500,000 machine tools possessed by French industry was twenty-five years. This has significance, of course, mainly from the longer run point of view of France's national income and position in world trade.

Lastly, there is the political factor to be considered. Labor is strongly demanding greater participation in industrial management, nationalization of key industries, the abolition of trusts, etc. A government decree has already been issued establishing worker committees for all firms having at least 100 employees, and Labor has hailed this as a "first step." There is, in short, a general atmosphere in France of industrial reform which inevitably will have the short-run effect of making the owners of capital a bit nervous and hesitant.

Despite these factors, however, French industry is in a much better position to resume production on a more or less normal scale than one would have expected. The basic fact that physical destruction and damage have not been extensive remains, at least for the near future, the most important consideration in the picture.

Mr. White

- 5 -

21 November 1944

Political Developments

France is, in my opinion, undergoing the most interesting social and political development in recent years. I was in France in 1936 at the height of the Popular Front's power and popularity, when Labor was riding high and was the most important political force in the country. It looked then as though the era of the two hundred families, the corrupt politicians and fascist-minded industrialist was over. The fall of the Blum government, the general reaction which followed, and ultimately the re-entrenchment in France of reactionary forces after the Armistice, all seemed to obliterate the liberal elements. Since the liberation of France, however, it is clearly evident that the French masses are once again in the mood which inspired them in 1936, with this basic difference, however: they have now behind them the political experience of 1936 and the years which followed, including a recognition of the weaknesses which led to the downfall of the Popular Front and a more widespread cognizance of the role which those who are now called "collaborationists" played in pre-war French life.

There exist in France now numerous political factions, but they are essentially united in their principles and programs. The links in the unity were forged in the process of resisting, and later in helping to expel, the Germans. "Resistance" and "Liberation" are still the symbols employed, but a positive program of reform -- economic, political and social -- is beginning to develop. Although the Communists are playing an important role in organizing resistance to the occupiers, it would be a mistake to regard the present resistance movement as "communistic": for numerous non-communist groups adhere to the movement and seek objectives which are considerably less radical than those of the traditional communist party.

At the moment, many vocal political groups in France are demanding the same basic reforms and government measures, typical of which are the following: the purging of collaborators and fifth columnists; improvement in the distribution of food; abolition of trusts; nationalization of certain key industries; taxation of illicit and abnormal profits; reconstruction and a national resumption of productive activity.

Not only are programs of action formulated, but groups are organized to press for them. Besides regular political parties, there are scores of resistance and liberation committees which continue to function in their respective localities and which are represented in the Consultative Assembly and the Council of National Resistance. Nearly every newspaper in Paris represents one or more of these groups and actively supports their programs.

An extremely impressive demonstration of unity among these groups was given in the parades on November 11. In the morning there were military parades, in which Churchill and Eden made their appearance. In the afternoon the various resistance and liberation groups, each behind its own

21 November 1944

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banner, marched from the Place de la Concorde to the Arc de Triomphe. The crowd of reputedly more than a million persons which attended this demonstration was clearly politically-minded. The heroes of the day were those who died in the Paris streets fighting the Germans.

Nevertheless France's political situation has not yet congealed. Trends are present but they are not the kind that can be projected too far into the future with confidence. Not a whisper is heard as yet from those who most certainly look upon these political forces with fear. But that opposition should not show itself so soon after the liberation and before the war is over in Europe is not at all surprising, nor is it a guarantee that the old forces of reaction and corruption are dead.

The present government of DeGaulle is feeling its way along with caution, but it has won important victories. Its first real test was the establishment of central authority and order in the outlying provinces where until very recently large areas were under the control of FFI or similar forces. I have been reliably told of instances where local prefects appointed by the DeGaulle government were powerless and de facto control was exercised by the armed FFI groups. The situation was aggravated by the presence of many bands who purported to be FFI affiliates but who in reality were interested simply in looting. But in any event, it was obviously intolerable for a government to allow local independent authority to exist outside its competence. On the other hand, the great popularity of the FFI and the support given to it generally by the populace made the question a delicate one for a provisional government whose position had not yet been definitively established.

This was the situation facing the Government when on October 28 it dissolved the "milices patriotiques" and forbade any person or group to carry arms without special permission, under penalties provided for by the laws of the Republic. Many people, perhaps most, approved of this measure as a necessary integration of power and authority. But some, and most particularly the communist groups, vociferously protested. The political bureau of the Communist Party stated that the measure "was taken by the government without prior consultation of the Resistance, which constitutes an indisputable mark of disdain and mistrust toward the patriots who have battled on the soil of the homeland for national liberation".

The day after the government's communique announcing its decision, the National Council of Resistance unanimously adopted a resolution recalling that the Milices patriotiques had been created at the beginning of 1944 by the C.N.R. and that it should have been consulted before any measure was taken regarding it. An open break with the Government could easily have occurred at this point but DeGaulle was fully aware of the political power of the C.N.R. and stated his desire to be aided in the problem by the C.N.R. and all citizens. A compromise was reached in the establishment of "gardes civiques et republicains" which are not to carry arms but to have them available at designated depots in case of need. Furthermore, the new organizations are under the direct authority of the mayor, the municipal council and the local council of liberation.

Mr. White,

7 -

21 November 1944

One purpose of the gardes civiques et republicains is stated to be the defense of republican institutions against the fifth column. Opposition to the dissolution and disarmament of the milices patriotiques was put in terms of disarming "the people" in face of the "enemy". The new guards consist of just ordinary civilians organized locally in units of from eight to ten persons, which in turn form sections of five or six units.

Since then the DeGaulle government has rapidly consolidated its position. DeGaulle himself enjoys an immense and widespread popular support, for "Gaullism" is inextricably associated in the people's mind with Resistance from its inception. The recognition of the government by the U.S. and Great Britain, the acquisition of a permanent seat on the European Advisory Council, the extremely good relations recently established with Great Britain and the concomitant feeling that France is rapidly regaining her place as an equal with the other great powers, all have contributed to make the present government generally popular.

The important fact remains, however, that the populace still regards the present government as "provisional". It is because of this provisional nature of the government that such organizations as the National Council of Resistance and the Consultative Assembly have particularly great influence. To fail to give proper consideration to the suggestions and principles of these organizations would be fatal to the government. There is little doubt in my mind that when elections are held in France the Resistance candidates - which means the liberal and left-wing candidates - will gain the overwhelming majority of votes. Those who now are more or less on the sidelines - although more as coaches than spectators - will probably find themselves participants in the near future. As restoration of the economy proceeds and the war in Europe draws to a close France will probably undertake reforms of a far more reaching character than have so far been adumbrated.

DeGaulle himself, however, is not likely to lose his position as head of the government, unless he becomes too resistant to the demands for reform which ultimately will be made. His future position is mainly a question of how responsive he will continue to be to the popular will, recognizing that he starts out as the most popular figure in France today.

Sincerely,

(signed)

D. A. Snider

Note: Mr. Saxon has seen this letter.

Mr. Harry D. White
Assistant to the Secretary
Treasury Department
Washington, D. C.
DAS/orx

MS-1945
 Distribution of true
 reading only by special
 arrangement. (SECRET W)

London

Dated December 6, 1944

Rec'd 10:25 p.m.

Secretary of State,

Washington.

US URGENT

10803, December 6, 8 p.m.

FOR FEHLE FROM MANN

Monday's London TIMES and EVENING STANDARD carried stories reported from Swedish sources to the effect that the Hungarian Quisling, Szalasy, was trying to barter the lives of 4500 Hungarian Jews for the recognition of his government. According to the press, the Swedish government is reported trying to find a way to save the lives of the Jews without submitting to Szalasy's blackmail. World Jewish Congress in London immediately approached Swedish Legation to determine situation and ascertain what was going to be done. They were informed today that Sweden did not intend to recognize the Hungarian Government but that Sweden "will negotiate and play for time" in order to save the lives of the Jews now under protection of the Swedish protective passport.

First Secretary Swedish Legation told World Jewish Congress to keep this strictly confidential and to take steps if possible to prevent Jewish press publicizing the above mentioned news story and making public inquiries as to what was going to be done. Legation explained that such publicity could only serve to defeat the plan to play for time, since the Hungarian Government would be forced to keep up its prestige and would probably try to force a quick decision on this point. Jewish press here thinks Swedish position logical and will not further publicize this story. You may care to discuss matter with World Jewish Congress and other Jewish groups at the earliest possible moment.

WINANT

WMB

EK-220
Distribution of true
reading only by special
arrangement. (SECRET W)

Paris

181

Dated December 6, 1944

Rec'd 8:08 p.m. 7th.

Secretary of State,

Washington.

819, December 6, 4 p.m.

FOR WAR REFUGEE BOARD FROM HOFFMAN.

The following message is to Moses Leavitt from Joseph Schwartz:

Situation here very critical with 38,000 persons asking various forms relief from our committees of whom about half in Paris remainder provinces mostly large cities like Lyons, Marseilles, Nice, Toulouse. 6,000 being fed daily at our public canteens in Paris and additional canteen now being opened in Marseilles. In addition at least 8,000 children need immediate care, many of them having to be assembled in homes which must be prepared and equipped. During resistance period many new organizations have sprung up, all of whom insist continuing function in social service field thus complicating situation. French Government agencies beginning to function but have not yet definitely defined categories entitled to relief and particularly non-French Jews suffering greatly and not receiving public relief. Polish Government begun distributing relief to its nationals on basis 800 francs per person per month and it is hoped that this will lighten our burden. UNRRA has not been invited by the French to work largely because at present time they have no supplies and intergovernmental committee finds itself limited by its mandate which restricts activities to persons who had to leave their country because of race religion or political views and is also handicapped by lack funds for purely relief purposes. Believe that in present emergency for winter months will have to have budget not less than 30 million francs monthly which budget will be decreased it is hoped by the end of the winter as conditions improve and as government and other agencies begin to function more effectively. To meet this budget for at least next 4 months you will have to transmit to us \$250,000 monthly and it is hoped that balance can be met from franc reserves which have been set up here. Also consider it important reopen Cassa which was functioning in Paris up to 1940 in order make loans to people who can begin to earn. Could reconstruction committee make available 10 million francs for this purpose. Expecting leave for Switzerland next day and then visit Belgium after which will return for longer stay here. Arthur Greenleigh not yet arrived, please ask him proceed here at once as this most urgent. Would also suggest another American staff member be sent here. Please initiate application your end and we will push from here.

CHARGE JOINT DISTRIBUTION COMMITTEE, NEW YORK.

CAFFERY

WMB

PARAPHRASE OF TELEGRAM RECEIVED

182

FROM: Consulate General, Jerusalem
TO: Secretary of State, Washington
DATED: December 6, 1944
NUMBER: 181

SECRET

The message which follows is from Meileth Neustadt, He asks that to David Wertheim, Paolezion organization, 45 East 17th Street, New York City, a paraphrase of this message be sent, through WRB:

Very bad news with reference to the fate of Hungarian Jews was on November 8th received by us. Under sadistic treatment, and without clothing or food, Jews newly deported from Budapest, between ten and eighty years of age, concentrated at large brick works close to Budapest in Altofen. Many died on their way to concentration; only a very little aid by IRC allowed; they sleep in the open and in addition to 13,000 Jewish workmen for ten days without any food, there were 25,000, 70 per cent of them women and 30 per cent men, up to the 19th of November, and 2500 each day on the way 30 kilos Hegyeshalom, on the border of Austria. There were 92 old men dead and young women in turned-up skirts at Gyoer, and on further way number of dead quadrupled. There were almost 20% deaths with no names listed, according to declarations of accompnion Stone Gyezhalomx. Intervention by our friend who visited Switzerland recently took place and age is limited now; since November 22nd no deportation has taken place; there still remain in Budapest 100,000. There are increasing claims that more attention be paid to the demands of IRC by declaring that Hungarian Jews are prisoners of war and by increasing rescue; according action conducted through Switzerland recently, a promise to reward those who aid Jews being included. They believe that resue work has not been sufficient heretofore; they require an interview with the State Department and urgent action from everyone. It is requested that it be remembered that it is the last minute; please inform Segal, Tartakover, Wise, Goldman, Mereminski, and others.

PINKERTON

DCR:LCW 12-7-44

CORRECTION OF
PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Consulate General, Jerusalem
TO: Secretary of State, Washington
DATED: December 6, 1944
NUMBER: 181

SECRET

On page two, line three delete "Stone Gyesshalomx." and insert the following: "to Hegyeshalom."

PINKERTON

DCR:MAS:MLM 12-9-44

CABLE TO NORWEB, LISBON, FROM WAR REFUGEE BOARD

Please deliver the following message to Robert Pilpel from M. A. Leavitt
of American Jewish Joint Distribution Committee:

QUOTE HAVE LICENSE REMIT MARGOLIS STOCKHOLM \$36,000 MONTHLY
FOR THREE MONTHS FOR PARCELS CAMPS THEREISENSTADT BERGENBELSEN
BIRKENAU ADVISE WHETHER REMITTANCE SHOULD BE MADE AND HOW
MUCH STOP WE MOST ANXIOUS THAT NEXT SHIPMENT BE MADE SOON
AS POSSIBLE STOP WE DO NOT BELIEVE THAT PROJECT SHOULD BE
ABANDONED BECAUSE OF LACK OF FUNDS UNQUOTE

THIS IS WRB LISBON CABLE NO. 121.

1:45 p.m.
December 6, 1944

CABLE TO HUDDLE, BERN, FOR MCCLELLAND FROM WAR REFUGEE BOARD

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

QUOTE PLEASE ASK SWISS MINISTER BUDAPEST MAXIMILIAN JAEGER
TO TRACE AND GIVE ALL POSSIBLE HELP AND PROTECTION TO
GISELA (FRAU DR. MAX) FREUND, BORN JUNE 7, 1854, IN ARAD,
ADDRESS UNTIL MARCH 1944, MARGITKORUT 64/B, BUDAPEST II, AT
PRESENT PROBABLY c/o ARCHITECT EMIL VIDOR, LISZT FERENC TER,
BUDAPEST VI. SHE IS MOTHER OF DR. ERNEST T. FERAND, WHO IS
CLOSE PERSONAL FRIEND OF JAEGER UNQUOTE

THIS IS WRB BERN CABLE NO. 313.

1:45 p.m.
December 6, 1944

MS-1909

PLAIN

Bern

Date: December 6, 1944

Rec'd 9:30 p.m.

Secretary of State,
Washington.

7969, Sixth

FOR WRB FROM MCCLELLAND.

For Leland Robinson American Christian Committee for
Refugees from Adolf Freudenberg.

"We have all been immensely pleased with Warnshuis' visit. Your and his most enlightening reports will enable us to collaborate much better than in past. We appreciate more than ever efforts your committee and American churches on behalf of our ecumenical refugee work. Please convey to all donors sense of our deepest gratitude. Warnshuis returning bearing extensive recent and encouraging reports covering all fields of our activity. Our chief concern is sufficient support for increasing relief work in France and Switzerland".

HUDDLE

DU

VMG-1842
Distribution of true
reading only by special
arrangement. (SECRET W)

BERN

Dated December 6, 1944

Rec'd 5:30 p.m.

Secretary of State,

Washington.

7971, December 6, 12 a.m.

FOR WRB FROM MCCLELLAND LEGATIONS 7295 B November 2.

Following visit of Kasztner to Swiss frontier early this month more precise information is available concerning deportation of Jews from Budapest who were forced to march on foot to Austráa for labor service in German Reich.

Between November 8 and 19, 25,000 persons (roughly 70% women and 30% men), including children as young as 10 and some elderly people reportedly as old as 80, were forced to set out on foot from Budapest after having been brutally assembled in tile factory on outskirts of city by Arrow Cross party members. They were sent out in groups of from 2,000 to 2,500 per day along the main highway between Budapest and Hegyeshalom via Piliscsaba, Szony and Gyöer and were expected to cover 20 to 30 kilometers a day. Food given to them and supplies they were allowed to bring were totally inadequate with result that 15% to 20% never reached Hegyeshalom, 109 kilometers from Budapest, having either died or fallen out from complete exhaustion along the way. 80% of those who arrived could scarcely be considered capable of physical labor.

The deportation of this group was conducted by Arrow Cross. Another 13,000 Jews, mainly men, were similarly sent to Austria on foot by SS. "Special kommandatur" in Budapest. According to statement made by Eichmann head of this "kommando" to Kasztner Germans planned to deport from Budapest as labor 20,000 Jews for fortification work "schanzjuden", 20,000 male Jews from Honved labor camps "arbeitsdienstler" and 18,000 "assorted civilian Jews".

Kasztner stated that Arrow Cross party was loud in its expressed desire to see all remaining Jews in Budapest (of whom there were reliably reported to be still about 100,000) deported.

It has

-2- #7971, December 6, 12 a.m., from Bern

It has happily been possible for Jewish organizations in Budapest to extricate and hide some 5,000 Jewish children, a great many of whom have been placed in homes under the protection of the ICRC. 3,500 young Jews, including many men escaped from military work companies in the provinces, have also been hidden in Budapest.

I am continuing to contribute WRB funds for support of such efforts.

A detailed eye witness account of the conditions under which the 25,000 Jews were forced to march to Austrian border is being forwarded today to you by pouch.

HUDDLE

JMS

VMG-1844

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

Bern

Dated December 6, 1944

Rec'd 7:01 p.m.

Secretary of State,

Washington.

7974, December 6, 3 p.m.

FOR WRB FROM MCCLELLAND.

FOR CHARLES JOY UNITARIAN SERVICE COMMITTEE
BOSTON FROM NOEL FIELD GENEVA:

"Referring to my direct cable of November 25 concerning Italian children and after conversations with Reale, Swiss Red Cross and McClelland, I desire earnestly support appeal to Italo-American organizations for funds for both children and adults. Collapse of Partisan movement Ossola Valley and other nearby regions produced some 12,000 additional refugees including 3,000 children of whom about 1,400 thus far placed homes or families by Swiss Red Cross. Number grows daily and although Swiss authorities supplying large scale minimum there is very definite need for outside assistance. Suggest any funds forthcoming be transmitted through ourselves and American Friends as previously.

Can we now unfreeze Swiss franc equivalent \$20,000 blocked here following your cable of early October sent through WRB, if not directly for France then for purchase supplies here for France? Referring to my cable via Lisbon concerning funds for France, last exchange transaction made for Paris office before liberation was about 80 French francs to the Swiss franc. Current rate here about 125 now.

Delighted proposed Polish budget enabling inauguration well equipped ambulant medicine-social service. Impossible confine this type aid exclusively refugees since bacteria does not discriminate; but aid would naturally comprise mainly Polish and foreign displaced persons as principal beneficiaries." 5340

HUDDLE

WTD

UNRESTRICTED

No. 10132

Via Airmail French.

Bern, December 6, 1944.

Subject: Reply of Hungarian Government to quoted message delivered Hungarian Foreign Office concerning removal Jews from Budapest to punitive work camps in the provinces.

The American Charge d'Affaires a.i. at Bern has the honor to refer to the Legation's telegram No. 7973 of today's date, which is in reply to the Department's telegram No. 3435 of October 6 - 9 p.m. concerning the plan of the Hungarian authorities to remove Jews remaining at Budapest to punitive work camps in the provinces.

For the completion of the Department's records, the Legation encloses a copy, together with its English translation, of a Swiss Foreign Office note dated November 25, 1944.

Enclosures:

- 1.- Copy of Swiss Foreign Office note dated November 25, 1944;
- 2.- Translation of Enclosure No. 1.

File No. 840.1

GT/dmh

Original and hectograph to Department

cc: Miss Chauncey (for the Sec'y), Ackermann, Aksin, Cohn, Drury, DuBois, Gaston, Hodel, Marks, McCormack, Pehle, Files.

Enclosure No. 2 to Dispatch No. 10132 dated December 6, 1944, from the American Legation, Bern.

TRANSLATION

FEDERAL POLITICAL DEPARTMENT
Division of Foreign Interests
B.24.25.A.-11/gk
No. 99712

The Division of Foreign Interests of the Federal Political Department has the honor to refer to note No. 9735 of October 11, which the Legation of the United States of America addressed it concerning the treatment of Jews in Hungary. The contents of this note has been transmitted on October 28 to the Hungarian Ministry for Foreign Affairs.

The Division of Foreign Interests has the honor to communicate below to the Legation of the United States of America the text of the Hungarian reply which has been notified on November 8 to the Swiss Legation at Budapest.

With reference to its kind note verbale No. 401 s/b/ of October 28, 1944, concerning a communication of the United States Government with regard to Jewish work camps in Hungary, the Ministry for Foreign Affairs has the honor to inform the Swiss Legation of the following:

"In Hungary's war effort total mobilization has been carried out, within the framework of which Jewish workers are needed. The concentration in work camps of Jews fit for work is not discriminatory since on the basis of the appropriate law of 1939, all persons fit for work, without distinction as to race, nationality or religion and without regard to time of year, may be called upon for military labor service under military discipline. The concentration of Jews in work camps within the framework of the war effort can not be considered as "Stammlager" (punitive camps) and, in fact, the concentration does not at all mean their extermination. In this connection, the Hungarian and German Governments have given their consent that such camps be visited by the delegates of the International Committee of the Red Cross. Furthermore, the protection of these Jews is appropriately provided for according to the nature of the work performed.

To the Legation of the
United States of America,

"The

- 2 -

"The solution of the Jewish question in Hungary is determined solely by considering the interests of the Hungarian Nation. Threats of foreign countries of whatever kind can not change this principle and must be energetically rejected.

"The Jewish workers represent a part of the workers of the Hungarian Nation and they are used within the framework of the Hungarian war effort in a form which appears appropriate to the Hungarian Government.

"As a matter of fact the Hungarian Government intends to treat the Jews in a just and humane manner. The respective measures will, however, depend exclusively upon the attitude of the Jews themselves and upon the circumstance whether further enemy terrorist attacks on the Hungarian civilian population take place, which provoke a more intensified opposition of the Hungarian population against the Jews. The general standard of life of the Jews will finally not be lower than that of the working classes.

"With regard to the issuance of passports, protective passports, provisional passports, immigration certificates, promises of visas, etc. by foreign missions in Budapest to Hungarian Jews for their emigration to neutral countries or to Palestine, the Hungarian Government reiterates that, according to the arrangement agreed upon, it is still prepared to recognize these and to accord emigration to the Jews concerned within the framework of the number of visas agreed upon by the German Government and recently confirmed, for transit through German territory, in case normal diplomatic relations with the interested country permit it."

"Budapest, November 8, 1944."

The Division of Foreign Interests avails itself of this occasion to renew to the Legation of the United States of America the assurance of its highest consideration.

Bern, November 25, 1944.

DMH

CABLE TO AMEMBASSY ANKARA FOR KATZKI

Reference your 2276 of November 20.

Information contained in paragraph one of your cable has been conveyed to Solomon Leibovitch.

Procedure set out in Department's 665 of July 28, item four, is strictly confined to persons actually in enemy-held territory. It has been undertaken for the double purpose of affording some measure of protection to such persons while under enemy control and of possibly facilitating their departure from enemy to neutral territory.

The extension of this or a similar procedure to persons in territories liberated or occupied by United Nations forces is a matter for the Department of State, and its attention has been called to your suggestion.

THIS IS WRB ANKARA CABLE NO. 133.

10:00 a.m.
December 6, 1944

SECRET**OPTEL No. 395**

Information received up to 10 a.m., 6th December, 1944.

1. NAVAL

A British reconnaissance party is in control of Port of Heraklion, Crete, which is only slightly damaged.

2. MILITARY

WESTERN FRONT. French troops continue to close in on Colmar from North, South and West. Progress up to six miles in several sectors Saar front, and at one point west of Saarbrücken, U.S. troops are within three miles Siegfried Line. Troops of First U.S. Army have captured three villages W.N.W. Duren after heavy fighting. Last organised German resistance west of Maas has ceased. The floods between the Lower Rhine and Waal continue to rise necessitating local evacuation and regrouping of our forces.

ITALY. Ravenna captured, but some Germans still holding out in fort. Canadians have reached the Lamone on road Ravenna-Alfonsine, but demolitions have prevented a crossing. N.W. of Russi a bridgehead over the river had to be abandoned in face of strong enemy counter attacks by infantry and tanks. S.W. Faenza U.K. and Polish forces have enlarged their bridgehead over Lamone but progress is slow owing to strong resistance and bad approaches. S.W. of Casal Fiuminese British troops of Fifth Army have captured Monte Pentoza.

BURMA. Our troops have advanced four miles down the Arakan coast, and are now one mile from Alethangyau.

EASTERN FRONT. Russians have reached shores of Lake Balaton and have made further slight advance in Yugoslavia north of the River Sava.

3. AIR

WESTERN FRONT. 4th/5th. Karlsruhe - 2293 tons, Heilbronn - 1240. 5th. 91 Lancasters (1 missing) dropped 450 tons Hamm through cloud. 404 Fortresses (12 missing) attacked Tegel Engineering Works Berlin. Escorting fighters met nearly 300 German aircraft and claim 91, 7, 23 for 24 Mustangs outstanding, but some believed landed Allied territory. 114 Liberators bombed Munster Railway Centre through cloud. 78 medium bombers attacked billets Bremen with good results, and 172 bombed defended villages and railways Western Germany. Over 2,000 fighter bombers and fighters (11 missing) operated over the battle fields, railways cut in 80 places and considerable destruction caused to communications. 8 German aircraft destroyed. 8 Spitfires carrying bombs report excellent results on rocket sites in Holland. In Norwegian waters 32 Coastal Command Mosquitoes (2 missing) set on fire four merchant ships of 2500 to 4100 tons, and one trawler type auxiliary. Beau-fighters also left a medium sized merchant vessel on fire.

5th/6th. Bomber Command sent out 656 aircraft: Soest - 458 (3 missing); Ludwigshafen - 53 Mosquitoes and Nuremberg - 32, other missions - 73 aircraft.

MEDITERRANEAN. 4th. Bad weather grounded heavy bombers. 106 sorties with good results by medium and fighter bombers and fighters (10 missing) over battle area and against communications Po Valley and Brenner. Balkan Air Force aircraft attacked motor transport concentrations and a bridge near Pedgorica and the garrison at Gradac, N.E. Zara.

4. HOME SECURITY

About 8:30 p.m. 5th 15 flying bombs plotted.
4 rockets reported during night.

COPY GIVEN TO W,U, 9.25 P.M. SENT FROM HOTEL VIA PHONE.

195

CLASS OF SERVICE DESIRED	
DOMESTIC	CABLE
TELEGRAM	ORDINARY
DAY LETTER	URGENT RATE
NIGHT LETTER	DEFERRED
OVERNIGHT TELEGRAM	NIGHT LETTER
SPECIAL SERVICE	SHIP RADIOGRAM

Patrons should check class of service desired, otherwise the message will be transmitted as a telegram or ordinary cablegram.

WESTERN UNION

1214

A. N. WILLIAMS
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

CHECK
ACCOUNTING INFORMATION
TIME FILED

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

To TED R. GAMBLE

DECEMBER 7TH

19 44

Street and No. NATIONAL CHAIRMAN WAR FINANCE COMMITTEE

Place TREASURY DEPT., WASHINGTON, DC

SUGGEST YOU HAVE A FORTY EIGHT STATE ROUNDUP. HEADED BY THE GOVERNOR OUR STATE CHAIRMAN AND STATE LABOR CHAIRMAN AND AMERICAN LEGION, ETC, AND USING LOCAL RADIO HOOKUPS. STATE DRIVE FOR "E" BONDS ONLY. THINK IT OVER AND LET ~~ME~~ ME KNOW WHEN I GET BACK. HAVING GOOD REST REGARDS. PLEASE GIVE COPY TO MRS. KLOTZ.

WANT A REPLY?

"Answer by WESTERN UNION" or similar phrases may be included without charge.

HENRY MORGENTHAU, JR.

Sender's address for reference

Sender's telephone number



SAHUARO LAKE RANCH
MESA, ARIZONA

Ted gamble
Treas.

Suggest you have a ⁴⁸ state round
up. Headed by ^{the} governor our state
chairman and state labor ^{chairman} and American
Legion etc ^{and using local radio hookups}. Have this state drive
for E Bonds only. Think it over
and let me know when I get
back. Having good rest regards

H. M. J.



THE SECRETARY OF THE TREASURY
WASHINGTON

December 7, 1944

MEMORANDUM FOR THE PRESIDENT:

As you know, the Netherlands Government requested a loan from the United States and I advised them to seek funds in the market. In accordance with this suggestion, they have negotiated a loan to be made by a syndicate of fourteen New York banks.

The loan agreement provides that the Dutch may borrow up to \$100,000,000 at 1-1/2% interest repayable in about three years. The Netherlands Government is required to pledge gold having a value equivalent to the maximum credit that the banks may be called upon to extend.

It is necessary for me to have your approval before issuing an appropriate license under Section 34 of the Provisional Regulations issued under the Gold Reserve Act of 1934. If you approve the issuance of appropriate gold licenses in this ~~and similar cases~~, will you kindly so indicate by signing the notation at the foot hereof. Secretary Morgenthau and Secretary Stettinius have approved this loan.

W. C. Clegg
Acting Secretary of the Treasury

Approved:

Franklin D. Roosevelt

The White House.

C O P Y

THE SECRETARY OF THE TREASURY
WASHINGTON



September 5, 1944

MEMORANDUM FOR THE PRESIDENT

As you know, we will pay currently to the Western European countries the dollar equivalent of the local currency which our troops will be spending out of their pay in such countries, it being traditional that the United States should not place the burden of the pay of its troops on friendly countries.

In the case of Italy, however, we have not been paying the Italians the dollars representing our troop pay. Instead, we have been placing these dollars in a special account in the Treasury, holding them with the thought in mind that they might eventually be turned over for the use of the Italian people.

In view of the present situation in Italy I suggest that Italy should now be accorded arrangements similar to those in effect with the Western European countries except that we reserve all rights in the final settlement of accounts with Italy.

I recommend, therefore, that the dollars which we have set aside in this special account representing troop pay be made available to the Italian Government and that from now on dollars representing the pay of our troops spent in Italy be made available currently to the Italian Government.

This step is particularly significant at this time because of the need of Italy for foreign exchange with which to pay for the necessary civilian supplies



for its people which have heretofore been paid for out of Army appropriations.

The British are entirely agreeable to this method of financing U. S. supplies, and will continue to provide their part of the supplies for Italy under their own financial arrangements but will not use troop pay. Changes in the present scope of the supply program will be the subject of further agreement.

The attached press release should not be issued until the Italian Government is informed, which will be done as soon as you approve the arrangement.

The Secretary of State and the Foreign Economic Administrator are in agreement with this proposal. The Secretary of War indicates that the matter is not one of concern to the War Department and he has no objection to the proposed action.

(Signed) H. Morgenthau, Jr.

Approved
Dec. 8 1947
Franklin D. Roosevelt

**BRITISH AIR COMMISSION**

1785 MASSACHUSETTS AVENUE
WASHINGTON, D. C.

TELEPHONE HOBART 9000

PLEASE QUOTE

REFERENCE NO.....

With the compliments of British Air Commission
who enclose Monthly Report No.15 covering
Aircraft Flight Delivery as at November 30, 1944.

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

December 7, 1944.

LOCATIONS OF U.S. BUILT OCEANIC FLIGHT DELIVERY AIRCRAFT
(COVERING MOVEMENTS THROUGH NOVEMBER 30, 1944)

DECEMBER 4, 1944

	(1) FORTRESS (BAG/L-L)	(2) LIB. (BAG)	(3) HUDSON (BAG-L/L)	(4) VENT. (BAG)	(5) F. BOAT (BAG-L/L)	(6) VENT. (L/L)	(7) BOST. (L/L)	(8) BALF. (L/L)	(9) B24 (L/L)	(10) B25 (L/L)	(11) B26 (L/L)	(12) TRANSF. (L/L)	(13) TOTAL
UNITED KINGDOM	153	96	(b)807	141	549	58	312	1	427	532	8	(h)585	3669
MIDDLE EAST (a)		5	95			205	69(f)1115		242		(g)411	221	2363
WEST AFRICA (a)					27				22			4	26
AUSTRALIA													27
SOUTH AFRICA (a)				135		107						48	290
SINGAPORE					9								9
INDIA (a)									448			334	782
ACCRA	3												3
FRANKFURT			91										91
OTV'S IN CANADA			210	68		64			59	58		32	491
RAF					28	1	2	(d)15	1				47
111 OTV									39	80			119
45 GROUP RAFTS		11	43	13	11				11	8		5	102
In route overseas	1						8	2	50	6		8	75
Canton, Ceylon, etc.							28		1	1			30
Bombay or Burma (en route)					3				1		1	2	7
Special duty in Canada			1	2				1		1	1	2	8
Montreal	2					1	17		17	5		17	59
CRASHED AFTER EXPORT			52	19	10	9	19	40	7	13	14	12	195
In route export							1		11	9		20	41
At Modification Center					5				89				94
In route Modification Center									8				8
Special duty in U.S.		2							1				3
CRASHED IN U.S.		1	28	6		1	3	15	5	2	11	1	73
DIVERTED TO U.S.		50	21 (a)280										331
TOTAL	159	165	1348	664	(a)642	446	429(f)1174	1453	716(e)446	(h)1281			8863

(a) Including deliveries to Rabat, Accra or Takoradi for these destinations.

(b) Including 3 removed from British charge and transferred to British W. Ind. Airways, Ltd.

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

(d) Later re-allocated to Canada by N.A.C. (Air), under Req. CA-00076.

(e) Reduced by 21 FM's, 36 FM's, and 25 FBZ-38's, returned to U.S. Navy, and including Boeing (Ymo.) FBZ's.

(f) Including 72 removed from British charge and transferred to Turkey.

(g) Including 1 removed from British charge and transferred to Turkey.

(h) Including 3 removed from British charge and transferred to Netherlands.

PLANNING AND AIRFRAME SUPPLY
BRITISH AIR COMMISSION
WASHINGTON, D.C.
DEC. 6, 1944

TREASURY DEPARTMENT
OFFICE OF THE SECRETARY

December 7, 1944

CONFIDENTIAL

Received this date from the Federal Reserve Bank of New York, for the confidential information of the Secretary of the Treasury, compilation for the week ended November 29, 1944, showing dollar disbursements out of the British Empire and French accounts at the Federal Reserve Bank of New York and the means by which these expenditures were financed.

Emb

FEDERAL RESERVE BANK
Of New York

December 6, 1944.

CONFIDENTIAL

Dear Mr. Secretary: Attention: Mr. H. D. White

I am enclosing our compilation for the week ended November 29, 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,

/s/ L. W. Knoke

L. W. Knoke,
Vice President.

The Honorable Henry Morgenthau, Jr.,
Secretary of the Treasury,
Washington 25, D.C.

Enclosure

C O P Y

ANALYSIS OF BRITISH AND FRENCH ACCOUNTS
(In Millions of Dollars)

Weekly
Consolidated
Week Ended November 21, 1944

PERIOD	BANK OF ENGLAND (BRITISH GOVERNMENT)								BANK OF FRANCE				
	DEBITS				CREDITS				Total Debits (e)	Total Credits (e)	Net Trans. (+) or Recv. (-) in \$ (f)		
	Total Debits	Gov't Expenditures (a)	Official Canadian Account	Other Debits	Total Credits	Proceeds or Sales of (Official) (b)	Transfers from Official Australian Account	Other Credits (c)				Not Itemized or Disc. (d)	
War Years (e)													
First	1,793.2	605.6	20.9	1,166.7	1,828.2	1,356.1	52.0	3.9	416.2	+ 35.0	866.3 (f)	1,005.1 (g)	+ 200.0
Second	2,203.0	1,792.2	3.6	407.4	2,189.8	1,193.7	276.0	16.7	705.4	- 13.2	38.9	6.8	- 20.1
Third	1,235.6	904.8	7.7	223.1	1,361.5	21.8	5.5	57.4	1,276.8	+ 123.9	18.5	4.4	- 14.1
Fourth	764.0	322.7	170.4	280.9	1,022.3	-	0.5	155.1	916.7	+ 308.3	10.3	3.0	- 9.3
Fifth	1,197.7	300.4	61.4	835.9	1,369.6	-	-	252.0	1,116.6	+ 171.9	-	-	-
1944													
September	151.0	19.9	50.4	80.7	56.5	-	-	2.0	55.5	- 94.5	-	-	-
October	127.9	21.0	7.6	99.5	54.7	-	-	1.0	53.7	- 73.2	-	-	-
November													
December													
1945													
January													
February													
March													
April													
May													
June													
July													
August													
Week Ended													
Nov. 8, 1944	9.3	3.9	-	5.4	9.6	-	-	-	9.6	+ 0.3	-	-	-
Nov. 15, 1944	7.9	3.4	-	4.5	30.0	-	-	-	30.0	+ 22.1	-	-	-
Nov. 22, 1944	28.7	21.0	2.9	4.8	41.2	-	-	-	41.2	+ 12.4	-	-	-
Nov. 29, 1944	21.2	10.7 (1)	-	10.5 (1)	7.3 (h)	-	-	-	7.3 (h)	- 13.9	-	-	-

Average Weekly Expenditures Since Outbreak of War
 France (through June 19, 1940) \$19.6 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) 21.9 million

See attached sheet for footnotes.

- (d) Includes payments for account of British Ministry of Supply Mission, British Supply Board, Ministry of Supply Timber Control, and Ministry of Shipping.
- (e) Estimated figures based on transfers from the New York Agency of the Bank of Montreal, which apparently represent the purchase 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 war securities through Banker, 1940 amounted to \$334 million.
- (f) Includes about \$85 million received during October, 1939 from the accounts of British authorized banks with New York banks, presumably reflecting the reconditioning 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 (i) below.
- (g) Reflects net change in all dollar holdings payable on demand or maturing in one year.
- (h) For breakdown by types of debits and credits see tabulations prior to March 10, 1943.
- (i) Adjusted to eliminate the effect of \$20 million paid out on June 26, 1940 and returned the following day.
- (j) For monthly breakdown see tabulations prior to April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 6,
- (k) Includes \$ 4.8 million apparently representing current and accumulated dollar proceeds of sterling area services and merchandise exports.
- (l) Of which \$7.5 million represents payment to American aircraft company.
- (m) Includes: \$2.3 million transferred to accounts in this market of National Bank of Iceland.
 2.0 million transferred to Reserve Bank of South Africa account at this bank.
 2.0 million transferred to Standard Bank of South Africa, New York, for account of London office.

STATEMENT OF CANADIAN WAR ASSISTANCE ACCOUNTS
(In Millions of Dollars)

Week Ending November 29, 1944

Statistical
Confidential

Month Year From (a)	ASSETS OF CANADA (and Canadian Government)								LIABILITIES OF CANADA (and Canadian Government)							
	ASSETS				LIABILITIES				DEBITS				CREDITS			
	Total Debits	Transfer to Official A/C	Others Debits	Total Credits	Proceeds of Gold Sales	Transfer from Official British A/C	For Own A/C	For French A/C	Other Credits	Net Incr. (+) or Deer. (-) in Balance	Total Debits	Transfer to Official A/C	Other Debits	Total Credits	Proceeds of Gold Sales	Other Credits
Jan. 1944	31.6	31.6	385.4	316.7	412.7	20.8	28.7	32.4	+ 181.7	31.2	3.9	27.3	26.1	30.0	6.1	+ 4.9
Feb. 1944	40.4	-	450.4	412.0	246.2	3.4	123.8	48.5	+ 1.6	72.2	16.7	55.5	61.2	62.9	18.3	+ 9.0
Mar. 1944	30.2	0.3	381.5	355.3	198.6	7.7	-	380.0	+ 40.3	107.2	27.4	49.8	112.2	17.2	95.0	+ 2.0
Apr. 1944	723.6	-	723.6	928.8	47.1	170.4	-	741.3	+ 235.2	197.0	155.1	41.9	200.4	-	200.4	+ 3.4
May 1944	845.3	1.0	845.3	928.5	28.1	61.4	-	859.0	+ 285.3	298.6	229.0	45.6	267.7	-	267.7	+ 20.9
Jun. 1944	31.4	0.1	71.4	21.8	-	50.4	-	41.4	+ 17.3(b)	5.8	1.0	4.8	7.3	-	7.3	+ 1.5
Jul. 1944	30.2	-	71.1	21.2	-	7.4	-	75.8	+ 60.1	20.5	1.0	19.5	21.0	-	21.0	+ 0.5
Aug. 1944	6.0	-	6.0	13.2	-	-	-	13.2	+ 7.2	-	-	-	0.4	-	0.4	+ 0.4
Sep. 1944	18.0	-	18.0	21.8	-	-	-	21.8	+ 2.8	-	-	-	0.5	-	0.5	+ 0.5
Oct. 1944	4.5	-	4.5	14.8	-	2.9	-	11.9	+ 10.3	0.1	-	0.1	0.8	-	0.8	+ 0.7
Nov. 1944	8.1(a)	-	8.1	2.8(d)	-	-	-	2.8(d)	- 5.3	0.1	-	0.1	0.9	-	0.9	+ 0.8

Monthly expenditures for

- first year of war
- second year of war
- third year of war
- fourth year of war
- 1945th year of war
- fifth year of war (through) Nov. 29, 1944

- 6.2 million.
- 8.9 million.
- 10.1 million.
- 13.9 million.
- 16.1 million.
- 7.8 million.

- (a) For monthly breakdowns see tabulations prior to: April 23, 1941; October 8, 1941; October 14, 1942; September 29, 1943; September 6, 1944.
- (b) Reflects changes in all dollar holdings payable on demand or maturing in one year.
- (c) Does not reflect transactions in short term U. S. securities.
- (d) Includes \$ 0.7 million deposited by War Supplies, Ltd. and \$ 2.0 million received from New York accounts of Canadian chartered banks.
- (e) Revised.

Treasury Department
Division of Monetary Research

Home
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Date.....December 26, 1944.....19

To: Secretary Morgenthau

From: Mr. White

I think you will be interested in this
order by General McSherry.

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

CONFIDENTIAL**SUPREME HEADQUARTERS
ALLIED EXPEDITIONARY FORCE
G-5 DIVISION**APO 757
7 December 1944.

SHAEF/G-5/(Ops)/803/1

SUBJECT: Policy in Occupied Germany.

TO : AC of S, G-5, Twelfth Army Group
AAC of S, G-5, Sixth Army Group
CO, European Civil Affairs Division

1. The policies and procedures to be employed in the military government of occupied Germany during the period of the Supreme Commander's responsibility have been set forth in the directive to Army Group Commanders (AG 014.1-1 (Germany) GE-AGM dated 9 November 44) and in the Handbook for Military Government in Germany. These publications have been prepared with great care to reflect the broad policies laid down by the Combined Chiefs of Staff.

2. Essence of this policy is that no effort will be made to rehabilitate or succor the German people. Rather, the sole aim of the Military Government is to further military objectives.

3. All planning, direction and instruction by US elements concerning military government should be guided by this policy which reflects firm US views as known in this Headquarters. Principal points to be emphasized are the following:

- a. Germany will not be "liberated", but occupied as a defeated nation.
- b. The German people will be made to realize that all necessary steps will be taken to prevent any further attempt by them to conquer the world.
- c. No steps will be taken looking toward the economic rehabilitation of Germany nor designed to maintain or strengthen the German economy except those needed to prevent epidemics or serious diseases and serious civil disorder which would endanger the forces and to prevent the dissipation or sabotage of German equipment required for Allied countries.

4. Reports from the field indicate that Military Government Detachments and G-5 staffs of subordinate formations are inclined to try to do too much to relieve the problems of the German people. There seems to be a disposition to approach the administration of

CONFIDENTIAL*3- Enc to 201 from Airone*

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Germany with the idea that it is our job to make Germany a "happy land" again. It is essential that all Military Government personnel be disabused of this concept.

5. The position of this Headquarters is equally firm with regard to fraternization. Reference is made to the Supreme Commander's letter of 12 September, Appendix "A" which prohibits fraternization by all troops under his command and lays down regulations to govern the conduct of Allied forces when making essential civilian contacts of an official nature. All Military Government officers and detachments should be required to familiarize themselves with the contents of these instructions and special steps should be taken to insure that all such personnel are aware of their responsibilities in this regard.

6. In view of the fact that the policies outlined in this letter are established not only for the period of the Supreme Commander's responsibility but will probably apply also for the American Zone in the period following dissolution of Supreme Headquarters AEF, it is essential that continuity of policy and attitude be obtained by assuring compliance with these policies from the outset in US commands.

7. Action taken to insure the familiarity of all personnel with these policies and to insure further that they are given universal effect should be reported to this Headquarters through the technical channel of communication on or before 15 December 1944.

For the Assistant Chief of Staff, G-5:

/s/ FRANK J. McSHERRY
Brigadier General, GSC
Chief of Operations

Report of the War Refugee Board
for the Week of November 20 to 25, 1944

STATISTICS REGARDING EUROPEAN JEWS

Statistical information was received from a private source through our Legation in Bern reflecting the fate of the Jews of Europe. It was pointed out that, since exact statistical data are unobtainable, these figures are based on numerous reliable reports and represent the best available information. The numbers who have died since 1941 were given as follows:

From France	150,000
Belgium	27,000
Holland	140,000
Denmark	2,000
Italy	10,000
Germany	160,000
Austria	80,000
Protectorate (Moravia and Bohemia?)	70,000
Slovakia	80,000
Yugoslavia	65,000
Hungary	450,000
Rumania, including Bessarabia and Bucovina	200,000
Greece (mainly from Salonica)	55,000
Lithuania, Latvia, and Estonia	220,000
Poland	<u>2,800,000</u>

Number murdered, deported and killed in extermination camps, or starved to death	4,509,000
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Killed in Russia during German occupation of the Ukraine and White Russia, estimated to be at least	<u>1,000,000</u>
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Total killed	5,509,000
--------------	-----------

Of those remaining alive, there were said to be

In France, about	120,000
Belgium	20,000
Holland	15,000
Italy	25,000
Sweden, including 5,000 refugees from Denmark and Norway	15,000
Switzerland, including 26,000 refugees	43,000
Spain and Portugal	3,000
Germany and Austria	10,000
Czechoslovakia	2,000

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Hungary	250,000	
Rumania	300,000	
Bulgaria	45,000	
Greece	12,000	
Poland, an unspecified number, probably not exceeding	50,000	910,000
In special camps and labor service:		
At Theresienstadt	36,000	
Bergen Belsen and similar camps	20,000	
Various labor camps in Poland, Silesia, Germany, and Austria, approximately	200,000	256,000
Total number of Jews at present alive in continental Europe outside Russia and Turkey		1,166,000

SITUATION IN GERMANY AND GERMAN-CONTROLLED AREAS

Representative McClelland forwarded to us information which he received from a reliable and confidential source concerning the composition of the internees in the camp at Bergen Belsen. According to the figures which he received, there were in the camp at the beginning of September:

	1,370	Hungarian Jews
	593	Polish Jews with "foreign" passports
	660	Dutch Jews holding Latin American documents
Approximately	33	Other Jews, of unspecified nationality, holding Latin American documents
Approximately	5,500	Jews of Dutch, Greek, French, Polish, and other nationalities with no documents or with documentation considered by the Germans as insufficient
	<hr/>	
	3,156	

The first two of these groups were said to receive tolerable treatment, but the last and largest group comprises Section Four of the camp, which is a work camp called "Albala" where the treatment is bad and the food, hygienic, and housing conditions are inadequate.

A representative of the International Red Cross who recently returned to Switzerland from Hungary reported that there are some 18,000 Jews working in the vicinity of Vienna. Most of them are Hungarians, but there are some Poles and Czechoslovaks included. They are divided into a number of small camps or work detachments, with 300 to 500 persons in each one. The Intercross representative advised Representative McClelland that the

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German authorities in Vienna, surprisingly enough, seem willing to permit the International Red Cross to assist these Jews in collaboration with and through an official who still holds his position with the Vienna Jewish Community. The latter informed the Intercross representative that foodstuffs and clothing could be obtained in Vienna if funds were available. McClelland is exploring with Intercross and representatives of private organizations the possibilities for undertaking a program of relief for these people. The operations will have to be conducted as unobtrusively as possible, however, since the authorities in Berlin know nothing of the tacit working agreement of the German officials in Vienna with the Jewish Community there and the International Red Cross.

According to another report received through our Legation in Bern, there are indications in Germany from which the inference may be drawn that some leading Nazi circles, including SS executives, are beginning to adopt a different view towards arrests and deportations on political and racial grounds. This late change of heart was thought to be the result of Allied occupation of German territory, by virtue of which the Germans are faced with a reversal of conditions, so that they feel they may themselves find it necessary to appeal to international organizations or neutral countries for protection for their civilian population. The Germans are reported to have started the dissolution of some of their concentration camps in Northern Italy, particularly the Fossoli camp.

Slovakia and Hungary

Following our recent request, the Swiss conveyed to the German Government this government's protest against deportations of Jews from Hungary and Slovakia, its demand that all persons holding documents issued in the names of American republics who have been deported from recognized civilian internment camps be immediately returned to camps supervised by the International Red Cross, and its determination to hold strictly accountable all persons sharing the guilt for deportations and other forms of persecution. The Swiss Foreign Office advised our Legation in Bern that the response of the German Government as stated by a representative of the German Foreign Office was that it does not recognize the right of the American government to make representations in these matters which do not concern the protection of American nationals and that it considers the notes from the Swiss presenting our views unacceptable because of their threatening tone. In a later cable from our Legation, we learned that the Swiss Minister to Berlin, during a recent visit in Bern, declared that the refusal of the German Government to accept this and similar messages was founded mainly on the threatening tone of the messages and objections on the part of the Germans to accepting reproaches of this kind from another government. Even though the Swiss Minister assures the Germans that his position is merely that of a communication channel between belligerents, the

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Germans show resentment against the Swiss for transmitting such messages from the Government of the United States. For this reason and the accompanying adverse effect upon his relations with German Foreign Office authorities, he expressed the wish that notes of this character not be sent to the Swiss Legation for delivery to the German Government. It was indicated that officials of the Swiss Foreign Office shared their Minister's opinions in this respect.

In view of the position taken by the German Foreign Office spokesman, the Swiss Foreign Office saw no useful purpose in making the representations which we recently requested concerning the deportation of bearers of documents issued in the names of American republics who were formerly interned at Marianka in Slovakia. It accordingly instructed the Swiss Minister in Berlin not to pursue the matter further. The Foreign Office later agreed, however, to have the Swiss Legation in Berlin make the desired approach to German authorities with respect to persons in the group who are bona fide nationals of the United States and of Latin American countries represented by Switzerland. The Swiss also pointed out that an approach to the Germans along the lines suggested by the Swiss Consul in Bratislava, with respect to Jews claiming United States nationality, requesting the German Government to surrender the Jews in question to the Slovak Government might be interpreted as implying recognition of the Slovak State.

In response to the observations of the Swiss, we advised Representative McClelland that it is our view that the transmission by the protecting power of messages regarding the mistreatment of victims of enemy persecution serves a useful purpose regardless of whether or not the enemy government "accepts" such messages in a formal sense. We pointed out that, in view of this Government's stand regarding the holders of documents issued in the names of American republics, which is shared by the Inter-American Advisory Committee for Political Defense, no distinction between claimants to American nationalities on the theory that some may be bona fide while others may not, can be countenanced in communications to enemy governments relating to the treatment to be accorded such persons. The special interest of this Government in citizens and claimants to citizenship of the United States has already been indicated in a cable to our Legation asking that the Swiss be requested to inform the German Government that the United States Government expects to obtain assurances that the German authorities in Slovakia have not taken any action against claimants to citizenship of the United States which deprived them of any of the rights to which they are entitled, and that if any such persons have been so deprived of their rights or have been removed from Slovakia to some other area under German control, the German Government should provide the names of the persons concerned

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and information regarding their whereabouts and welfare. We asked Minister Harrison and Representative McClelland to bring to the attention of the Swiss the fact that acceptance of the German view with respect to the right of this government to make representations concerning the treatment of claimants to nationality of American republics would leave these persons without such slight protection as our repeated representations may afford them. Moreover, in the light of the reportedly wavering position of some of the Nazi leaders on the matter of arrests and deportations on political and racial grounds, the German attitude toward such approaches is not likely to prove inflexible. With regard to possible misinterpretation of our request that Jews deported from Marianka be surrendered to the Slovakian government, we expressed the belief that technical niceties cannot be allowed to stand in the way of saving human lives and suggested that any misconception regarding the American attitude toward the present regime in Slovakia can be avoided if in communications to the Swiss reference is made to "Dr. Tiso and his associates" or "the present regime in Slovakia."

Representative McClelland cabled us additional information regarding the fate of the Jews in Slovakia, particularly in Bratislava, which was contained in a trustworthy report dated October 28 which reached Switzerland on November 13 through Czech underground channels. The number of Jews sent by the Germans from Bratislava to Sered during the latter part of September and the first part of October was given as 4,000, somewhat lower than the previously announced figure. It was indicated that only about 300 persons are left in the camp, over 3,000 having been deported to an unknown destination. An estimated 20% of the Jews in Bratislava were said to have succeeded in escaping deportation by hiding and fleeing. The round-up was described as a general action conducted against all Jews in German-controlled Slovakian areas and included even so-called Class B baptized Jews, only Jewish wives of "Aryans" being excepted. Most of the Jews arrested in the eastern and central parts of Slovakia were sent to a newly established camp near the town of Topolcany. Nothing was known about this new camp beyond the fact that it is heavily guarded and cut off from outside contact, the inhabitants within a radius of four kilometers having been evacuated. In submitting this report, McClelland pointed to the significance of the fact that, until the termination of this action against the Jews in mid-October, the Gestapo delayed granting a German transit visa to the International Red Cross delegate who was scheduled to leave for Bratislava during September.

Minister Johnson advised us that the Swedish Legation in Budapest had cabled the Foreign Office in Stockholm that approximately 4,500 Jews with special Swedish passports have been moved to a ghetto established especially for them. The Legation is endeavoring to arrange transportation to Sweden for

an initial group of about 150 of these persons within the next few days. It has successfully intervened to obtain the gradual release of about 15,000 Jews from labor service and deportation. Thousands of Jews were reported to be on the way to the western border of Hungary, traveling on foot under conditions of extreme suffering.

SITUATION IN YUGOSLAVIA

Ambassador Kirk cabled us from Italy that the group of refugees who are awaiting evacuation in a Partisan-controlled section of Yugoslavia are not on a possible line of German retreat and that our military authorities have assured him that they are in no danger from the Germans. The Balkan air force has made and is making special efforts to keep them supplied with food and clothing, but their evacuation is extremely difficult because of the reduced number of flights resulting from winter weather and priority given to the sick and wounded. He reported that some progress was being made, however, in efforts to evacuate small numbers. In a later cable, he reported that the Office of Strategic Services had informed him that a new air strip had just been completed near the present location of this group. It is planned to move them near the sight of this new field and then to evacuate them as soon as possible. In the meantime, they are in no immediate danger and will continue to receive supplies.

SITUATION IN RUMANIA

Representative Katzki informed us that, according to reports received by the Jewish Agency representative in Istanbul, Dr. Ernst Marton, a former member of the Rumanian parliament, has submitted a memorandum to the Nationalists proposing: (1) the extension of medical, financial, and other types of assistance to the 400 to 500 Rumanian Jews who remained in the Ordeal section of Transylvania after the German and Hungarian armies were driven out; (2) the registration and safeguarding of the real and personal property which was confiscated by the Hungarians from the 140,000 Jews deported from Ordeal to Germany or elsewhere; and (3) the rescue by exchange, similar to exchanges of prisoners of war, of Jews deported from Ordeal, 33% of whom it is believed are still alive. With reference to the third proposal, the memorandum stated that all Jews originating from Ordeal automatically became Rumanian citizens without distinction if at the date of the Allied occupation they had been deported by the Nazis to Germany or to Poland. It was suggested that the Rumanian government propose the exchange of the deported Jews for the "great number of German subjects as well as suspected persons who upon joining the German army lost their status as Rumanian subjects in the eyes of the law as did their families."

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Representative Katzki reported that Jewish Agency representatives in Istanbul had also received a telegram from the Budapest representative of the Agency suggesting an exchange of Ibdar Jews for German nationals in Rumania through the International Red Cross, similar to the proposal described above. The Budapest representative stated that the Germans have promised to consider the matter provided the Rumanians are in agreement. He expressed the view that the possibility for making such an exchange depends largely upon the attitude of the Rumanian, the United States, and the Russian governments. Our representative indicated his belief that, while first-hand knowledge of the position in Bucharest is lacking, these exchange proposals, whether involving Hungarian and Rumanian Jews against Germans and Hungarians or some other combination, merit further inquiry and investigation.

The substance of a radio broadcast from Rumania on October 30 intercepted by the Office of War Information in Istanbul was reported to us from Ankara. The broadcast referred to information received regarding the present situation of Rumanian citizens in Germany and Austria, of Jews deported from the north of Transylvania, and of Jews of Rumanian nationality who are in Germany or Hungary or in territories occupied by the Germans. The Rumanian Government was declared to have requested the International Red Cross to make an inquiry concerning the fate and the situation of these Rumanian subjects, and at the same time to have requested the Swiss Government to inform Berlin and Budapest authorities that "the Rumanian government will apply reprisals toward German and Hungarian subjects and toward the respective Ethnic minorities."

EVACUATIONS THROUGH TURKEY

Representative Katzki reported the departure of a total of 104 persons from Istanbul on November 16 and 17, proceeding by railroad to Palestine. There were included in this number 38 Polish refugees from Rumania who had arrived by train on November 11, 46 persons from Bulgaria, including 36 children, who had arrived by train on November 13, and 20 individual emigrants from Bulgaria who arrived by train during the week of November 12.

UNITED STATES VISAS FOR CHILDREN

Representative McClelland informed us that organizations in Switzerland responsible for the care of refugee children had inquired as to whether the 4,000 United States immigration visas authorized under the Board's program will still be available after the war. We advised him that this authorization was given for the purpose of encouraging the Swiss to receive refugee children and that it will remain in effect as long as necessary to influence Swiss action with respect to refugee children

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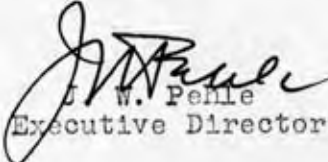
seeking admission to Switzerland to escape enemy persecution. We asked him to give us his views as to whether, in order to accomplish this purpose, it will be desirable to continue the authorization for a period beyond the time when flight from enemy persecution is necessary.

RECOGNITION OF LATIN AMERICAN PASSPORTS

Our Embassy in Quito was informed by the Ecuadoran Foreign Office that, in response to its cabled request of October 31, the Ecuadoran representative in Switzerland reported by telegram dated November 10 that Swiss authorities stated that they regretted that they would not be able to assume representation in Hungary of Ecuadoran interests. In view of a former statement by the Swiss that, unless they were requested to assume such representation, they would be unable to undertake protection of persons in Hungary holding documents issued in the name of Ecuador, we informed Minister Harrison and Representative McClelland of the foregoing and asked them to endeavor to obtain clarification of the Swiss attitude and their reasons for the reply declining to assume representation of Ecuadoran interests in Hungary.

WAR REFUGEE BOARD APPROPRIATION

In view of the provisions of the Russell Amendment (Section 213 of the Independent Offices Appropriation Act, 1935) the Board has requested an appropriation of \$150,000 to finance its operations for the last six months of the fiscal year 1945. The Congressional hearing on this request took place on November 20th at which time Mr. Penle testified before the Deficiency Subcommittee of the House Committee on Appropriations.


J. W. Penle
Executive Director

BAS-612
No paraphrase
necessary.
(CONFIDENTIAL)

Paris

Dated December 7, 1944

Rec'd 10:27 p.m. 8th.

Secretary of State,

Washington.

843, December 7, 9 p.m.

FOR WAR REFUGEE BOARD FROM HOFFMAN.

Following message is to Moses Leavitt from Joseph Schwartz (charge JDC New York).

Please consult Clarence Pickett concerning possibility shipping supplies to France. Military authorities here must have information concerning content proposed shipment, ship tonnage required, base where material is and whom contact, name of consignee and what part of France material intended be used. Some of this information we can supply here, balance you must advise us. We have also authorized Pickett negotiate for purchase Lend Lease material London up to value \$250,000 dollars if material available. Especially needed here warm childrens clothing, blankets, warm clothing for adults, concentrated foods especially for children. Some condensed milk, cheese and vitamins have been purchased in Switzerland primarily for OSZ and other child care agencies but additional supplies this nature needed.

CAPPERY

EMB

DCG-279

PLAIN

Lisbon

Dated December 7, 1944

Rec'd 10:13 p.m.

Secretary of State,

Washington.

4152, Seventh.

WRB 269 JDC 131 FOR LEAVITT FROM PILPEL

Fourteen hundred Hungarians arrived
Saintgall from Bergenbelsen this morning including
Josef Blum.

Your 387 just received and have requested
Joseph Schwartz send annual meeting cable Passman
proceeding Cairo reference program Greece and will
advise.

CROCKER

WTD

JP-318

PLAIN

Lisbon

Dated December 7, 1944

Rec'd 11:35 p.m.

Secretary of State

Washington

4157, Seventh

WRB 270 JDC 132 FOR LEAVITT FROM PILPEL

Turkish boat TOROS arrived Istanbul Exconstansa
December 5, carrying 925 including 370 Transnistrian
orphan children balance Hungarians.

CROCKER

MJF

EMBASSY OF THE
UNITED STATES OF AMERICA

CONFIDENTIAL

No. 3545

Madrid, Spain, December 7, 1944.

Subject: Transmitting Copy of Note Verbale from Ministry of Foreign Affairs Concerning Issuance of 700 Visas to Jews in Hungary

The Honorable
The Secretary of State,
Washington.

Sir:

With reference to my telegram No. 3912 of December 1, 1944, 7 p.m., in which an official of the Ministry of Foreign Affairs was quoted as stating that instructions to the Spanish Legation in Budapest had been cleared authorizing the issuance of 700 visas to Jews in Hungary, I have the honor to enclose a copy 1/ and translation of the Ministry's Note Verbale No. 945 of December 4, 1944 confirming that such instructions have been sent.

A copy of the Embassy's Memorandum of November 30, 1944 supporting the request of the Jewish community in Tangier for the issuance of the visas in question, to which the Ministry's Note Verbale refers, was transmitted to the Department as an enclosure to my despatch No. 3504 of December 4, 1944.

Respectfully yours,

Carlton J. H. Hayes

Enclosure:
From Ministry of Foreign Affairs,
No. 945, December 4, 1944
(copy & translation)

File No. 800
NWB/jf
Original to Department
(for Ozalid machine)
Copy to Legation, Bern
Copy to Legation, Tangier

cc: Mr. Channoy (For Sec'y.), Ackerhann, Akain, Cohn,
Frey, Furbis, Gaston, Hodel, Marks, McCormack,
Leis, Pils.

Enclosure to despatch No. 3545 dated December 7, 1944 from Carlton J. H. Hayes, American Ambassador, at Madrid, Spain on subject of Issuance of 700 Visas to Jews in Hungary.

COPY

TRANSLATION

(SEAL)
MINISTRY OF FOREIGN AFFAIRS
B.2
No. 945

NOTE VERBALE

The Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America and with reference to the latter's Memorandum of November 30, 1944 and preceding communications concerning the request formulated by the Jewish Community of Tangier that the issuance be authorized of visas to 700 Jews resident in Budapest has the honor to advise that the Legation of Spain in that capital has already been authorized telegraphically to issue the visas in question.

Madrid, December 4, 1944.

TO THE EMBASSY OF THE UNITED STATES OF AMERICA.

JP:jf

CABLE TO AMERICAN LEGATION, BERN, FOR MC CLELLAND, FROM WAR REFUGEE BOARD.

Please deliver following message to Dr. Joseph Schwartz from M. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE WE CABLED LISBON ASKING FOR BUDGETARY REQUIREMENTS FIRST QUARTER 1945 PARTICULARLY ANXIOUS KNOW APPROPRIATIONS FOR SWITZERLAND COMMENCING JANUARY ORDER FILE NECESSARY APPLICATION. AS YOU KNOW WE REMITTING SWITZERLAND \$300,000 MONTHLY ONE HALF FOR USE SWITZERLAND AND REMAINDER UNDER SPECIAL LICENSE W-2106. UNQUOTE

THIS IS WRB BERN CABLE NO. 314.

10:00 a.m.
December 7, 1944

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

December 7, 1944

9 p.m.

AMEMBATION

BISH

4137

The following for McClelland is WRB 308.

1. In accordance with Department's general request for names and other data regarding persons alleging the possession of American citizenship now interned in Bergen-Belsen (reference Radio bulletin November 17, number 277), Katski requested the representatives of Jewish Agency and Agudath Israel in Istanbul to telegraph such information, including that concerning holders of Latin American passports, to their representatives in Switzerland for delivery to you. The representatives are for the Jewish Agency, Dr. Chaim Posner, 8 rue Petitot, Geneva, and for Agudath Israel, Maitre Mathieu Muller, rue de Deux Ponts 30, Geneva.
2. The following is the substance of a cable from Katski dated November 29:

QUOTE According to reports from Geneva just received by Jewish agency representatives in Istanbul, the position of the remainder of Hungarian Jewry has reached a climax. Deportations to Germany many persons being forced to travel on foot have been proceeding very actively during recent days. The project for the emigration of the 8,600 Palestine certificate holders again has been stopped. The deportees are in great need. Funds also are required for hiding people facing deportation and for aiding their escape from Hungary.

QUOTE Intervention and assistance by the International Red Cross are not sufficient and the aid of England and the United States to stay the deportations and to protect the certificate holders is urgent the report concludes. UNQUOTE

Your comments concerning this report and information regarding any action undertaken by you in this connection would be appreciated.

STETTINIUS
(GIN)
SWP

WE NA SE SWP

WRB:IM(V:KI)
12/4/44

LFG-223

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

Bern

Dated December 7, 1944

Rec'd 7:33 p.m.

Secretary of State,

Washington.

7973, December 7, 2 p.m.

Foreign Office note November 25 quoted Hungarian response (your 3435, October 6 WRB 198) delivered Swiss Legation Budapest November 8. Following is substance note:

Jewish workers needed within frame work Hungary's total war mobilization. Concentration Jews fit for work not discriminatory as on basis law 1939 all physically fit persons without distinction race nationality or Religion subject military labor service under military discipline. Concentration Jews work camps can not (repeat not) be considered as punishment camps. Actually Hungarian and German governments have consented visit Intercross delegate camps where Hungarian Jews performing labor in Germany. Furthermore the protection of these Jews is appropriately provided for according to nature of work performed.

Solution of Jewish question Hungary decided solely in light interests Hungary. Foreign threats of whatever kind cannot (repeat not) change this principle. Jewish workers represent part all Hungarian workers and are used within framework Hungarian war effort in a form which appears appropriate Hungarian Government.

Government intends treat Jews in just and humane manner. Such measures depend, however, upon attitude Jews themselves and upon whether further enemy terroristic attacks on Hungarian civilian population occur since these provoke increased opposition Hungarian population. General standard life Jews will not (repeat not) be lower than working classes.

Regarding issuance passports and other documentation by Foreign Mission Budapest to Hungarian Jews for their emigration neutral countries or Palestine Hungarian Government reiterates it is still prepared to recognize these papers and accord immigration Jews concerned within frame-work number visas agreed upon by German Government for transit through German territory in case normal diplomatic relation with interested country so permit.

Despatch follows.

HUDDLE

WMB

AF-31

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

Bern

227

Dated December 7, 1944

Rec'd 12:46 p.m.

Secretary of State,

Washington.

7984, December 7, 11 a.m.

FOR WRB FROM MCCLELLAND

FOR NAHUM GOLDMANN OF WORLD JEWISH CONGRESS FROM GERHARD RIEGNER:

"At present Jewish problems concern in vast majority Jews in countries occupied by Soviet Russia and belonging to Russian zone of influence all action with a view to solving the problems of these Jews is only possible in agreement with Soviet Government. It would therefore seem most necessary that Executive World Congress initiate as soon as possible working relationship with Russian Government in order that support of this Government may be enlisted for such activities. I suggest accordingly that the Congress Executive through the intermediary of the Soviet Embassies in Washington and London attempt to prepare the ground without delay for the dispatching of a Jewish delegation to Moscow. This delegation should discuss the following points:

- (1) The effective restitution of equal civic rights of Jews.
- (2) Their reintegration in their former positions with civil services and in the administration of business enterprises.
- (3) The immediate restitution of all properties still available.
- (4) The assurance of rapid governmental relief to all families pauperized as a result of persecutions.
- (5) The authentication of damages suffered by mixed commissions in which Jews will participate and from whom proposals regarding reparations should be accepted.
- (6) Creation of a body which on the basis of existing claims for compensation of damages should grant credits for reconstruction.
- (7) The creation of a system whereby Jewish communities can administer the property of missing (*).
- (8) Consent of the Jewish communities to their affiliation to a central Jewish relief organization in Europe.
- (9) The registration of surviving deported Jews in these countries and establishment of the conditions under which they can be repatriated or emigrated.
- (10) The setting up of a permanent representation of the World Jewish Congress in Moscow.

With a view to initiating and favorably influencing the course of such negotiations the mediation of President Benes of Czechoslovakia might be requested." 6385.

HUDDLE

MRM

(*) apparent omission

paraphrased before being
communicated to anyone
other than a Government
agency. (RESTRICTED)

MEMO

228

Dated December 7, 1944

Rec'd 7:50 p.m.

Secretary of State

Washington

7986, December 7, Noon

FOR WRB FROM MCCLELLAND

For Leland Robinson American Christian Committee
For Refugees From Thooft and Freudenberg:

"Leiper's message received through Craig. Warns
Huis returning with complete answers to all questions.
Cinade continues work for old groups refugees in
various camps and is developing important community
center work for destitute persons in devastated areas
which must be financed with your contributions until
larger reconstruction fund available. French
chaplaincy service for refugees must also continue
important work. French organizations depend 85% on
your continued help.

Hungarian church committee depends about 60%
on us. Contacts with them very difficult since
middle October.

Proportion of budget January to November 1944
from sources other than United States of America is
67,561 Swiss francs as against 509,260 francs from
United States of America. Of latter sum 213,606
francs used in Switzerland 136,664 in France. (30,000
more must be sent to France before the end of year)
60,000 in Hungary 28,886 for our administrative expenses.

1945 budget depends on unknown French franc
exchange rate. In rough figures we will need 250,000
francs for Switzerland and 250,000 for France plus
about 35,000 for administrative costs. Needs of
new European refugees will probably amount to 100,000
francs. Minimum monthly average for 1945 exclusive of
non-American receipts therefore about 50,000 francs.

Would welcome visit your director but travel
problem on American rather than Swiss end.

Please continue to deal with France through us."

JEB

HUDDLE

VMO-299

PLAIN

Bern

Dated December 7, 1944

Rec'd 10:28 p.m.

Secretary of State,

Washington.

7993, Seventh.

FOR WRB FROM MCCLELLAND.

FOR UNION ORTHODOX RABBIS EMERGENCY COMMITTEE FROM STERNBUCH.

"Please wire urgently distribution scheme for 106836 Swiss francs recently transferred.

Meanwhile Radun Semir has notified us they are only two persons instead of three since P Czeczyk is working and not attending seminar.

Five Schwabs and Warszawczyks belong to Kamenets group; Gleizen to Kleck group and Gelbfish to Lublin group.

Bethjosef asks why they were not included in last remittance Blatt asks Rabbi Jisrael to tell Chaim Kaplan that he is well and needs help Rabbi Rabinowicz wishes to notify Rabbi Pardess that he recently arrived in Shanghai and wishes to be placed on list of rabbis. Mirer Jeschiwah has taken on new pupils and will notify us concerning each new case. Since a great many pupils are ill they ask for lishkas remittance.

In addition to the 454 persons already mentioned the following groups need relief Aguda 25 persons Misrachi 15 unaffiliated 15.

The following persons need support from their relatives Kojdanowsky Najmann Taub Markus Mehereowicz Cypersztejn Fiszmann and Hellmann". 2730

HUDDLE

RTD

JMM-91
Distribution of true
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arrangement. (SECRET W)

Bern
Dated December 7, 1944
Rec'd 12:55 p.m.

Secretary of State

Washington

US URGENT

7997, December 7, 4 p.m.

FOR WRB FROM MCCLELLAND

Legation's 7464, November 10.

I am happy to be able to report that approximately
1355 persons balance of the Hungarian Jews in camp
Ouxergenbelsen arrived in Switzerland during night of
December 6 to 7 having crossed frontier at St. Margarethen.
They are at present temporarily housed near St. Gall under
control of Swiss Army.

HUDDLE

RR

LC - 157
Distribution of
true reading only by
special arrangement.
(SECRET W)

Bern

Dated December 7, 1944

Rec'd 5:10 p.m.

Secretary of State,

Washington.

7998, December 7, 5 p.m.

FOR WRB FROM MCCLELLAND.

I have received assurances from Burckhardt now ICRC president that German Foreign Office was definitely approached on October 2 by committee with request that Reich Government consider extending to so called "schutzhaeftling" (detainees for security reasons) treatment granted by analogy to Geneva POW convention of 1929 to enemy nationals in Germany and German occupied territory. As of December one no answer had yet been received from Germans. Late in November when delegate of German Red Cross Hartmann was in Geneva this question was thoroughly discussed with him. German consul at Geneva was also urged a few days ago by ICRC to press German Foreign Office for an answer. (Department's 3925 November 18, WRB's 281).

I personally fear that little or no positive results will be forthcoming from this approach, past experience with Germans regarding similar questions, particularly the Jewish one, having shown fairly conclusively that neither German Foreign Office nor German Red Cross exercise any real control over political detainees and deportees both on Jewish and Jewish (*) such control being in hands of SS "reichsicher heitshauptamt" at Berlin.

With reference to a somewhat similar intercession to be made by neutrals headed by Vatican (Legation's 7170 October 28 from Sternbuch to Union Orthodox Rabbis and Department's 3788 November 7 WRB's 259) initiated through Papal Nunciature in Bern, it is important to note this is motivated by desire to secure reciprocal treatment of German civilians in territory already or shortly to be occupied by forces of Allied nations. Reciprocity is to be based on Geneva Convention and guaranteed by neutrals and Vatican. In return for this guarantee it is hoped to secure various concessions from Germans concerning treatment of non-assimilated detainees under their control. In speaking of Allied nations Angelo Donati, author of proposal, had Soviet Russia particularly in mind. To this end he has subsequently attempted to bring project to Moscow's attention by various channels: through two unofficial Soviet citizens in Switzerland Sokolin and Tcherniak reputedly in contact with

-2- #7998, December 7, 5 p.m., from Bern

Moscow and through Togliatti Italian Communist leader at present in Rome. If guarantee could be obtained from Russians to accord Geneva Convention treatment to German civilians in areas occupied and to be occupied by them it would indeed constitute a powerful lever with which to secure counter concessions from Nazis. Many months ago ICRC unofficially expressed to me their belief that any concessions which might be extracted from Soviets with regard to German POWS (even Russian agreement to deliver lists of names of those alive and well) would be invaluable in securing from Germans more favorable treatment of categories of detainees and deportees including Jews in their hands.

HUDDLE

JMS EMB

(*) apparent omission

CORRECTED PAGE TWO

LFG
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special arrangement.
(SECRET W)

-2- #7998, December 7, 5 p.m., from Bern

With Germans regarding similar questions, particularly the Jewish one, having shown fairly conclusively that neither German Foreign Office nor German Red Cross exercise any real control over political detainees and deportees, both non Jewish and Jewish, such control being in hands of SS "reichssicher heitshauptamt" at Berlin.

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GEM
Distribution of
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special arrangement.
(SECRET W)

December 7, 1944
7 p.m.

SECRET "W"

AMEMBASSY

ANKARA

1146

Reference your 2276 of November 30.

Information contained in paragraph one of your cable has been conveyed to Solomon Leibovitch.

Procedure set out in Department's 665 of July 28, item four, is strictly confined to persons actually in enemy-held territory. It has been undertaken for the double purpose of affording some measure of protection to such persons while under enemy control and of possibly facilitating their departure from enemy to neutral territory.

The extension of this or a similar procedure to persons in territories liberated or occupied by United Nations forces is a matter for the Department of State, and its attention has been called to your suggestion.

STETTINIUS
(GLW)

WRB:MMV:KG
12/6/44

NE

VD

LFG-203

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

Ankara

Dated December 7, 1944

Rec'd 8:07 p.m.

Secretary of state,

Washington.

2320, December 7, 3 p.m.

FROM KATZKI TO PEHLE WAR REFUGEE BOARD.

Ankara's No. 200

For your information the Turkish vessel TOROS which departed from Constanza December 3, arrived in Istanbul on December 5 carrying 905 emigrants from Rumania proceeding to Palestine. The TOROS proceeded from Istanbul to Constanza during the month of November and returned to Istanbul under Rumanian Red Cross safe conduct. The emigrants arrived in Istanbul without transit visas or Palestine entry certificates, possessing only their travel documents. The Palestine entry certificates and the Turkish and Syrian transit visas were issued in Istanbul pursuant to the Embassy's general agreement with the British and Turkish authorities which previously has been reported to you relating to such cases.

Passengers include 350 children repatriated from Transnistria to Rumania, Rumanian nationals, forced laborers from the Bor mines in Yugoslavia and a large proportion of refugees from Hungary, some of whom it is reported escaped from Hungary as recently as November 15.

In accordance with Ambassador Steinhardt's general agreement with the Turkish Foreign Office concerning railroad facilities, the Turkish authorities provided a special train and the entire group departed from Istanbul for Palestine on December 8.

As soon as it has been possible to examine the lists and documentation of the TOROS emigrants more closely revised details will be sent to you.

STEINHARDT

EEC

Miss Chauncey (for the Sec'y) Abrahamson, Ackermann, Akzin, Cobb, Drury, DuBois, Friedman, Gaston, Hodel, Marks, Mannon, McCormack, Pehle, Files.

ALH-234

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

Ankara

Dated December 7, 1944

Rec'd 8:30 p.m.

Secretary of State

a copy Washington

2322, December 7, 5 p.m.

(*) Apparent omission
FROM KATZKI TO PEHLE, WRB

NPL Ankara's 201

Reports received in Istanbul from Bulgaria state that medicaments of all kinds are urgently needed for the Bulgarian Jewish people. We are advised that the high incidence of malaria among the men who have been released from labor battalions and in isolated outbreak of typhus and diphtheria which already has occurred in one group of Jewish people might have grave results due to the over-crowded and unsanitary conditions under which the Jews now must live. Although medicaments universally are unattainable in Bulgaria we are informed that the lack is particularly acute for the Jews because of the oppressive circumstances under which they lived during the past four years and their condition today. The need for winter clothing is great but we are (*) that medicines must be had without delay.

You may wish to discuss this matter with interested agencies. Local organizations in Bulgaria according to our information are preparing lists of the basic medicines which are required and we shall send you a copy thereof when received.

STEINHARDT

(*) Apparent omission

NPL

GEM-214

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

Ankara

Dated December 7, 1944

Rec'd 7 p.m.

Secretary of State,

Washington.

2323, December 7, 6 p.m.

FROM KATZKI TO PEHLE WRB.

Ankara's 202.

With reference to Department's 1115 please refer to Embassy's 1977 Ankara's 165. We have been informed that American personnel in Bulgaria and Rumania is very limited. In view of earlier experiences I am certain that if WRB work is to be facilitated it will be advisable that we have our own stenographic assistance available.

Therefore I suggest that you consider the feasibility of requesting travel permits for Mrs. Henderson and Miss Bixler. Only one of them would accompany me selection dependent upon arrangements which can be made in Istanbul. In my opinion it would be advisable to retain one of the secretaries in Istanbul for War Refugee Board matters if permission having been secured the other accompanies me to Bulgaria.

Please advise telegraphically.

STEINHARDT

WSB

SECRET

OPTEL No. 396

Information received up to 10 a.m., 7th December, 1944.

1. NAVAL

Yesterday one of H.M. Frigates torpedoed and sunk off Cape Wrath. On 3rd force of four destroyers and small craft with aircraft support shelled Lussinpiccolo, North Adriatic. One of H.M. Destroyers slightly damaged. A M.T.B. destroyed three explosive motor boats and damaged a fourth.

On 4th/5th one of H.M. Cruisers and three Destroyers bombarded Rhodes Harbour.

Situation Athens deteriorated 5th. British and Greek warships moved out to Salamis Strait and stood by to bombard if called upon by the Army. Evening 6th situation Piraeus reported easier.

2. MILITARY

WESTERN FRONT. Further advances by French along mountain passes towards Guebwiller. Selestat now clear of enemy. Third U.S. Army has advanced up to eight miles on 25-mile front. On right flank Bingen captured and fighting going on in streets Saareguemines. On the left infantry units have now established firm bridgehead across Saar near Saarlouis where street fighting continues, although U.S. troops have passed it on the north and reached Roden. East of Aix little change. Germans launched unsuccessful counter attack with infantry and tanks Lucherberg area. Floods Arnhem area have now reached Waal at one point.

ITALY. Thick fog and steady rain Eighth Army front. Our bridgehead across Lamone S.W. Faenza reinforced with more tanks and our position that area slightly improved. Many prisoners taken in mopping up Ravenna area.

EASTERN FRONT. Russians have captured Sarborgard, S.W. Budapest and several localities between Lake Balaton and River Drava. In Yugoslavia they have captured Sid on railway N.W. Mitrovica.

3. AIR

WESTERN FRONT. 5th/6th. 1852 tons on Coast. Markers well placed and bombing concentrated. 6th. 762 escorted Fortresses and Liberators (4 bombers, 7 fighters missing) bombed objectives Western and Central Germany, including Merseburg oil plant - 962 tons, Bielefeld Railway Centre - 337 and Minden Aqueduct - 367. Complete cloud and unobserved results all cases. 154 Marauders and Bostons (1 missing) attacked defended villages Munchen Gladbach/Coblenz area dropping 216 tons, results unobserved. 481 fighters operated over battle area. 17 Spitfires attacked rocket sites Holland with good results.

6th/7th. Bomber Command sent out 1346 aircraft:- Merseburg Oil Plant - 498; Osnabrueck - 452; Giessen Railway Centre and Town - 265; Berlin - 42; Other tasks - 89. 21 aircraft missing. Complete cloud over Merseburg and Osnabrueck. At former markers well placed and bombing good. At latter attack appeared rather scattered. At Giessen weather good, marking satisfactory and bombing well concentrated.

WESTERN FRONT. 5th. All bombers grounded by bad weather. 155 fighters attacked close support targets and communications battle area.

4. HOME SECURITY

6th/7th. Three rockets reported.

MEMORANDUM FOR THE SECRETARY.

December 8, 1944

Mail Report

Though nothing out of the ordinary appeared in the mail this week, the letters were decidedly varied and the general tone was interesting. The Sixth Drive remained the outstanding subject. Most of the replies from State Chairmen to a form telegram inquiring about the progress of the Drive expressed confidence and gave good reports. There were a few that reflected doubt about the sales of E Bonds. There were many reports of the completion of local quotas, some of which were far exceeded - in one instance a figure of 305% was given. Scattered through the mail, however, were protests that funds raised through Bond drives should be devoted to British Lend-Lease, putting down civil uprisings in foreign countries, or "coddling" of labor organizations. There were continued reports of rumors about the worthlessness of Series E Bonds, some of these transmitted by the White House or by Congressmen. There was the usual pre-Christmas demand for gift bonds in smaller denominations.

After a slight falling off in complaints from families of Service men whose Bonds have not been received, the number of such letters has again increased. In many cases the writer had been advised to secure a letter from the soldier in question, and is unwilling to bother a man who is overseas with what is frequently called "red tape" over the Bonds for which deductions have long since been made from his pay. There are still protests for the over-the-counter plan of cashing Bonds, and in spite of it, 19 were sent directly to the Secretary for redemption.

Tax mail continues to be dull except for the increasing demands for tax refunds long overdue, and those are anything but colorless.

Memorandum for the Secretary.

December 8, 1944

In the miscellaneous receipts were 2 or 3 abusive communications directed more toward the Administration as a whole than toward the Treasury; a few suggestions about postwar treatment of Germany; and 7 donations, ranging from \$5.00 to \$6,330.

Receipts of mail from the White House have been very low for some months. During November, they took a slight upturn, totalling 300 in all. This compares with a low of 228 in 1939, and a high of 841 in 1942.

g. v. Forbush

General Comments

Halsted P. Layton, Georgetown, Delaware. I think your Plan for dealing with Post-war Germany is the best submitted so far, but I have serious doubts it can be put across due to the natural softness of the American People. However, time may correct that to some extent, but I am afraid not. If there is available a copy of your Plan, I would like to get one as I have read only portions so far. I sincerely hope you use all your power to force a ruthless treaty on Germany so she will be unable to start another war for many years.

Dr. Louis G. Stokvis, Los Angeles, California. During three years my speeches in the United Nations Committee of Los Angeles and publications, I have tried to convince the people that the only solution for a future peace is the very one you proposed also, and which is universally known as the "Plan Morgenthau." I am a Hollander, who stayed ten years in Germany, and, therefore, know the Germans thoroughly and the German danger. I communicated my views two years ago to the Netherlands Ambassador in Washington and the Netherlands Minister of War, who is one of my personal friends. I had the great satisfaction of learning that the directing circles of my country have a favorable ear for the solution you recommend. It may be that the enclosures contain some arguments you will find interesting. * * *

James B. Burns, National President, American Federation of Government Employees, Washington, D. C. Many of our members are much disturbed by the proposal to delay Government employee pay days up to twelve days. We have checked into the matter and are fairly well aware of your reasons for this action and we appreciate the problems involved in the numerous separations, transfers and other changes of status that are so prevalent nowadays. We feel it would be helpful, however, if you would prepare an explanation in some detail as to the necessity

- 2 -

for this step at this time. I think if the employees were given the whole story of this problem, they would be better reconciled to its necessity. We shall, of course, be glad to make your statement available to our membership and hope that it may serve to further their acceptance of the new policy.

Favorable Comments on Bonds

Dr. H. G. Huey, Huey Hospital, Homerville, Georgia.
(Letter addressed to President Roosevelt and referred to the Treasury). During your first Presidential campaign, the people of this South Georgia county were suffering from a severe depression, but with implicit confidence in your ability to bring opportunities and happiness out of fear, chaos, and despair. I attended the Inauguration and listened to your message to the people of America and the world, and it was a message in which the people and I had implicit confidence. This confidence has not been betrayed. When war was forced upon us, you as our great leader and Commander-in-Chief asked Congress to declare war upon the aggressor nations. My only way at that time of showing continued implicit faith in You was to wire offering without rent the use of this hospital and any other property that I might have. Your reply was that of a great humanitarian, "Your hospital is as much needed in your community as any of the hospitals in the Armed Forces," and although my health had been bad for several years, this message of inspiration has kept the hospital going on the highest standard possible. * * * You have asked for a sixth war loan. This request was founded on the same high principles of your entire Administration, and to prove my continued faith in you as my American leader and Commander-in-Chief, I intend honoring You by purchasing this county's entire quota personally.

Unfavorable Comments on Bonds

Eleanor H. Magliane, Washington, D. C. My husband accepted a position with the OWI as a field representative overseas and has made application for me to receive an allotment, starting when he leaves the country, to be sent to the bank. In the meantime, since there were unusual expenses to be met, he told me to use the Power of Attorney that was drawn up by a lawyer and get a War Bond cashed. According to the Morris Plan Bank, Washington, D. C., and the War Bond Cashier in the Treasury Building, 15th and Pa. Ave., N. W., this is impossible. Now the Power of Attorney reads "to endorse any notes, checks, drafts, or bills of exchange, which may require my endorsement, and to convert the same into cash." Doesn't this cover War Bonds too? I am not the co-owner of my husband's War Bonds and, therefore, unless I can use the Power of Attorney to cash them, if and when necessary, I have nothing to fall back on in case of emergency. My husband is leaving the country in a few weeks and if this matter is not straightened out before then, he will cash them all and put the money in the bank. It seems a shame to cash the bonds, as some of them are several years old, so, therefore, I am writing you asking your advice. Surely there are other people who have been in a similar situation -- what did they do?

Charles W. Gordon, Minneapolis, Minnesota. Your propaganda in daily papers on the (6,000 daily) extermination of Jews in Poland 2 or 3 years ago by the Germans is just too ridiculous to believe. Can't you devise something more reasonable and also more effective for your Bond Sale Drives. Such trash don't go over up here.

C. W. Higinbotham, Assistant Cashier, First National Bank and Trust Company, Turner Falls, Massachusetts. This is a trifling matter for a man in a small town bank to be writing direct to you. It seems, however, that at this time, when so many people are redeeming their bonds (we have cashed nearly \$10,000 worth in our little village of 5500 during November), that a person should be encouraged

- 5 -

to hold their bonds rather than be penalized by a technicality. We have a customer who, from her own funds, purchased a \$1,000 G Bond in April 1943. She had it registered in her name and that of a relative as co-owner. Since that time, her husband has died, and she finds it necessary to re-arrange her estate. According to Section 315.32 of Regulation #530, it is impossible for this bond to be re-issued during the life of the co-owner. Yet she, as one of the co-owners, can redeem the bond at a loss of \$31.00. This woman states that she has no use for the funds and would like to let them remain in government bonds, but she will not do so if she has to stand this loss. Has she any recourse?

G. A. Vradenburg, Jr., Captain USMCR, c/o FPO, San Francisco, California. At present I am putting about 75% of my savings into War Bonds. Although this is a patriotic gesture, it is also an attempt to invest my savings where they will do the most good, including myself, the most good. * * * When the war is over, I have no illusions that the government will get me a job, or will support me until I can get one. I intend cashing my bonds until I have a job. I know that there are several million other service men who intend doing the same thing. In order to meet these obligations, it is my opinion that the government debt will be liquidated to some extent. That is, the government will be forced to cash its outstanding bonds by taking money from the immediate revenue. In spite of the fact that I am out here fighting for my noble country, I am of the opinion that the government will not be able to meet the avalanche of returning bonds. I believe also that the Treasury Department will do its best to satisfy everyone. However, that does not provide me with any assurance that my bonds will be liquidatable when I get back home. I quite recognize the fact that government bonds are the safest investment there is. Although it would be disastrous to do so, I recognize the power of Congress to demand that people not cash in their bonds, or to make them redeemable at only partial value, through such means as a cheaper dollar. * * * Therefore, I would appreciate it if you could assure me that the War Bonds will be redeemable at

- 6 -

full cash value, and that the already cheap dollar will not be made more so. If you cannot give me this assurance, much as I do not want to, I shall have to cease buying War Bonds until such time as my savings reach a point where at least 50% are available on call to meet all emergencies. Please do not give me a patriotic answer. I want the truth.

Leon M. Bazile, Judge, Fifteenth Judicial Circuit, Elmont, Virginia. I am a director in a small insurance company which has its principal office in the City of Richmond, Virginia. The majority of the directors either came from Hanover County, Virginia, or are property owners there. Hanover County is having a hard time making its quota in the current bond drive, and we decided that the insurance company would invest \$5,000.00 in war bonds provided the credit went to Hanover County. Much to my surprise, we were notified by the Federal Reserve Bank of Richmond that a regulation had been adopted which prohibited bonds bought by an insurance company from being credited at any place other than where it had its principal office. * * * We want to invest this \$5,000.00 in war bonds from a patriotic desire to aid in the war effort, but unless the Government permits Hanover County to get the credit, we are going to invest this money in something other than war bonds. * * * I have voted for President Roosevelt four terms, but it is just such unnecessary and arbitrary acts on the part of Federal Administrative Agencies which annoy the American people when they come in contact with any such arbitrary and unnecessary ruling. What the Government wants is money for its war effort; if it gets that money, it ought to be willing to let the credit for the purchase go anywhere their purchaser directs that it goes. Certainly a bond purchaser who demands no greater right than this, ought to be considered.

H. Louis Auten, Belleville, Illinois. The local Boy Scouts made a house to house canvass in Belleville for sale of War Bonds, and I gladly gave one of them a subscription for a bond, specifying delivery to be made through the Belleville National Bank. My wife called at said bank with

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war savings stamps and a check payable at par in Chicago, for a total amount of \$18.75 as payment for the bond. She was asked to call later to get the bond, allowing enough time for them to make sure the check was good. When she did call later, after the check was cleared, she was compelled to pay an additional fifty cents as a service charge. To me this looks like a case of gross racketeering. * * *

Harold C. Parks, East Orange, New Jersey. My son is serving abroad in the Army, and has allotted a portion of his pay to the purchase of a War Bond each month to be sent to me for safekeeping. On October 3rd, I wrote the Army War Bond Office in Chicago to change my address. Having no reply whatever, except that the bonds stopped coming, I wrote them again about the middle of November. This time I received a post card filled with completely unintelligible gibberish, the sum total of which left me with the impression that I should send this on to my son. I quite realize that safeguards are necessary to prevent fraud, but it does seem to me that this comparatively simple matter of a change of address could be accomplished by sending a reply to the first communication telling in words of one syllable precisely what to do. * * *

Congressman Harold Knutson (Minnesota). I am just in receipt of a letter from George E. Harris, Wadena, Minnesota, which reads as follows: "I have a letter from a friend way up in Alaska who asks me, 'Is there any truth to a rather prevalent rumor around here that Series 'E' bonds are not legalized or authorized by Congress and therefore will be the first ones to go under in case anything happens. There are so many rumors around that I don't like to inquire here.'" (In his reply, Congressman Knutson stated, "Replying to your letter of December 2, let me say that all Government bonds are on an equal footing so far as legality is concerned." * * *)

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Guy R. Brewer, Jamaica, New York, (Telegram). I am just cancelling my subscription to purchase War Bonds in the 6th Loan. I have purchased bonds in every drive, but tonight when Raymond Gram Swing announced that American tanks, and presumably other war material, were being used by the despicable English Tories to kill innocent Greek women and children, I see that my money and that of other conscientious American citizens is being put to a sorry use indeed.

Unfavorable Comments on Taxation

Thomas B. Hull, President, Hull and Company, Inc., (Insurance), Fargo, North Dakota. We appear to be signally honored in receiving in the mail this morning "Excess Profits Tax Refund Bond" #1854 to our order in the sum of \$2.47 with no accompanying explanation or information as to what this is for. Inasmuch as your name is the only one appearing on this instrument, we are addressing this letter directly to you realizing it will have to go through probably several hundred channels of the existing bureaucracy before we can hope to get an answer, but it would be interesting to know just what this is for, or at least have some kind of an explanation. We gather from the wording of the instrument that this sum will be payable to us approximately on December 31, 1948. We were not aware that anything of this nature was due us and consequently would like to know more about it.

Miss A. G. Serving, New York, New York. I have written to Albany three times, regarding the refund on my federal income tax. The last time I wrote I sent a registered letter, but still have not heard why my refund is being held up. Under ordinary circumstances I would not be in a rush but, as I explained, it is necessary for me to undergo an operation by December fifteenth. I really need the money very badly. Yesterday I called the Bureau of Internal Revenue and was advised that anyone who has not received a refund entitled them, same is being held up for investigation and that they will be called. So far as I know, there is no need for investigation in my case. Also it seems like an awful long time to be investigating. I would appreciate anything that can be done about this matter. I have deprived myself to buy as many bonds as possible and I do not want to cash any. * * *

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D. Eugene Shaub, Stamford, Connecticut. Before passing this along, kindly take a moment to read it. My 1943 tax return showed I would receive approximately \$88.00 refund. * * * It is my intention to use this toward payment on my mortgage, said payment having been due 10/1/44. The bank has very kindly agreed to wait for a period until I receive it. However, after having written to the Hartford, Connecticut, Internal Revenue Office several times, they sent me a form letter telling me that no refund can be hurried up as such items are all handled "in the mechanical process" and that in due time I should receive it. That is all well and good, but believe me in these times of war bond deductions and insurance, plus feeding and clothing 5 youngsters, paying for a house, etc., all on approximately 3,200 or so dollars per year - it is not fun. * * * Anything you or your Department might do would be greatly appreciated.

Mrs. Agnes L. D. Angel, Brooklyn, New York. I have written to you a number of times during this year asking for the refund of my over-payment of taxes for 1942, and I have always received evasive acknowledgments and no satisfaction whatever as to when I am going to get this money back which is long past due me. As it is quite impossible to get any kind of decent treatment from your office, I have addressed a personal letter to our President in the hope that this effort will lead to definite results. Of course, I would like to say that I shall expect 6% interest on my money for the time that you have held it. I could have employed this money very well indeed during the period that you have held it, and my opinion is that, in common justice and decency, you are obligated to refund my money with 6% interest. * * *

J. E. Darr, Sr., Fountain City, Tennessee. With this 6th Loan Drive on, am sure you are a very busy man, and in fact would not assume that you would have time at any other time to give a matter of this type any attention, but you should be in a position to have it reach the proper authorities for action. I have been unable to work since May 6th and have a sum of money due me on Withholding Tax,

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which I have made three attempts to have paid to help me over the spot I am now in. * * * What I have a right to know is why, since my initial is "D," have I not had my refund? Or if there was any discrepancy in my tax statement, why have I not been given an opportunity to rectify the error? The statement I furnished your Knoxville Office was the identical statement furnished by the firm for whom I had worked, and the Knoxville Office made the calculations and notified me what amount was due me on refund. In addition to this matter, would like to know what is the earliest date when I may file claim for refund for the tax withheld by the firm for the first four months of this year. The first of May, I had to quit work and am certain that no further earnings will be had during this year. This is not meant to reflect upon the integrity of anyone, but just to relate that I am behind the eight ball and see no way to get action in a matter so vital to me other than this.

Senator Francis Maloney (Connecticut). I am taking the liberty of sending you herewith an interesting letter which I have received from Mr. J. H. Dowd of the Johns-Hartford Tool Company, 390 Capitol Avenue, Hartford, Connecticut. -- * * * It can be said, without fear of contradiction, that small plants enabled the larger plants to establish their production records that have amazed the world during the war. They did it some of the time by furnishing a vital tool or gage or fixture, and in other instances, by making intricate and precise components. Let me sketch how the demand for production affected our own business. We received orders in 1941, and early 1942, for quantities of tools and components, completely out of balance with the equipment that we owned. We had two choices. We could refuse to accept the sub-contract because of lack of facilities, or we could provide the facilities. When we were making these decisions, the tax law for the current year was not even being debated, much less written. We decided, and when I say "we", I make no exception - all the small plants started to work to get the tanks, guns, planes, radar and all other vital war materials flowing. Some of us were

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amazed with results accomplished on the type of equipment we had to work with, and unskilled personnel available. The small business man is not a profound business executive. He is likely to be a mechanic who has risen to an executive position, and all of these men that I know of, I know of no exception, put in everything they had, and borrowed all that they could, and then placed back every dollar of profit into additional equipment in order to meet the constantly growing demands. Believe me, I am not pleading for the Johns-Hartford Tool Company, but all small industries, because I believe it is a positive picture of all the small working plants. Let me point out the unconscious unfairness of the Armed Forces in dealing out the precision machines and equipment, which they had purchased and made available under the orders to the industrial giants of the nation. It is unfair to criticize procurement services for so placing the business. In my opinion, they did exactly right. They wanted production and wanted it quickly, and they placed it where they could get the necessary production and where there was a reasonable chance that production would come quickly, and they furnished these plants with any equipment they needed. My criticism is that there was no provision to take care of the subcontractors, and I might say, there is still no provision for providing him with the tools needed to finish his part of the job, however small, important or unimportant. So the smaller war plant was thrown completely on his own, and forced by patriotism and demand to expand his facilities beyond his wildest dreams for further expansion. But concurrently, Congress was deciding to increase taxes. Late in the year a tax bill would be produced that was retroactive to the first of the year, and the little business man then found himself in a dilemma. He did not have money for taxes, did not take anything out of his business but a bare livelihood for himself. He put back all of the earnings of business into new machinery, equipment, expansion of plant and improvements, leased buildings, which was a total loss as far as he was concerned. So most of the small plants are in the unenviable position of showing large profits, which have been re-invested in plants, and large tax bills which have to

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be paid by borrowing or by liquidation. This could have been avoided if small business had been smart enough to realize the dead end that they were heading into, and had called it to the attention of Congress. * * * Let me present to you our tax report. This is accurate, exact figures that were furnished the government in our tax report, and the figures upon which we were re-negotiated this year. * * * We spent 132.7% of earnings in the year March 1, 1942, to February 28, 1943, and as we are a partnership, and as there is no provision under the tax law for share for the partners, then our actual situation is infinitely worse than the figures shown above. * * * I want to point out that most of the companies I know of have not got the money to pay their taxes as of next January, because two things have happened since the small plants increased their facilities to meet the initial demands. Facilities had to be procured for their newer products that these plants were called upon to produce. These had to be financed by themselves. Second, their margin of profit was substantially lower and reduced on the newer product, in most instances making it impossible for the small plant to accumulate for taxes out of profits. * * *

December 8, 1944

Dear Mr. Brand:

Since the Secretary is away from Washington, I am simply acknowledging your letter of December 6 which encloses a copy of your letter to Mr. Crowley. I shall be glad to bring both of these to Mr. Morgenthau's attention as soon as he is back at his desk.

Yours sincerely,

(Signed) H.S. Klotz

H. S. Klotz
Private Secretary

Mr. A. N. Brand,
United Kingdom Treasury Delegation,
Box 680, Benjamin Franklin Station,
Washington, D. C.

UK-801

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UNITED KINGDOM TREASURY DELEGATION

BOX 680
BENJAMIN FRANKLIN STATION
WASHINGTON, D.C.

December 6th, 1944

TELEPHONE EXECUTIVE 2020

REFERENCE

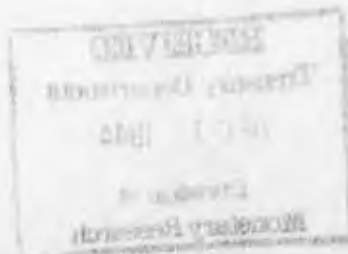
My dear Mr. Secretary,

Since Lord Keynes sent you a copy of his letter of November 26th to Mr. Crowley regarding the question of the eligibility for Lend-Lease of essential civilian requirements for British Far Eastern territories in the military period, I am enclosing for your information a copy of a further letter on the same subject that I have just sent to Mr. Crowley, indicating that problem is more urgent than was at first appreciated.

Sincerely yours,



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



UNITED KINGDOM TREASURY DELEGATION

BOX 680
BENJAMIN FRANKLIN STATION
WASHINGTON, D. C.

REFERENCE:

TELEPHONE EXECUTIVE 2020

December 6, 1944

Dear Mr. Crowley,

I am anxious to correct a misapprehension which I fear that you may have derived from one sentence of Lord Keynes' letter of November 26th to you on the question of the eligibility for Lend-Lease of essential civilian supplies required from the United States by British Far Eastern territories during the military period.

The sentence in question is that in which it was stated that the problem was not immediately urgent. I understand that the procurement of supplies for Burma is now most pressing, and that the British supply authorities in Washington will shortly be presenting a statement of requirements for Burma which it will be necessary to fill from the United States.

In the light of this information, I venture to hope that you will be able to give the general question raised in Lord Keynes' letter early consideration.

Sincerely yours,

The Honourable Leo T. Crowley,
Administrator,
Foreign Economic Administrator,
Room 414, Press Building,

K-801

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11-28-44
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UNITED KINGDOM TREASURY DELEGATION

BOX 680
BENJAMIN FRANKLIN STATION
WASHINGTON, D.C.

REFERENCE

TELEPHONE EXECUTIVE 2020

28th November 1944.

Dear Mr. Secretary,

I enclose a copy of a letter which I have written to Mr. Crowley on a matter which may later on be of some importance, but which we have not had time to examine during the recent conversations as fully as perhaps it deserves.

Yours sincerely,

Keynes

The Hon. Henry Morgenthau, Jr.

28th November 1944.

Dear Mr. Crowley,

At the Sub-Committee discussion on November 15th our request (made in paragraph 8(vii) of Chapter 3 of the U.K. case) that essential civilian requirements in British Far Eastern territories would be eligible for Lend-Lease during the military period after re-occupation was briefly considered. Mr. Currie expressed doubt whether these supplies would be eligible, and asked whether they would not fall to be dealt with in the same way as the provision of essential civilian requirements during the military period in Europe.

Since this discussion I have made further enquiries. But I have had no subsequent opportunity to raise this matter at Mr. Morgenthau's Committee. May I, therefore, before I leave Washington, set out the views of my Government on a matter which is not indeed immediately urgent, but about which it is very advisable that we should clear the position in good time. Mr. Brand will be following this matter up after I have gone away. I am sending copies of this letter to Mr. Morgenthau and to Mr. Stettinius.

It is, I am afraid, clear that the arrangement referred to above which applies in Europe will not apply in respect of the British Far Eastern territories. I understand that that arrangement is practicable only in cases which are accepted as a combined responsibility under the aegis of the C.C.A.C. It is indeed true that Burma and

Malaya

- 2 -

Malaya come under the Southeast Asia Command, which is a combined command. But I understand that, largely at the instance of your War Department, the provision of essential civilian supplies during the military period is to be the unilateral responsibility of the United Kingdom. British North Borneo and Hong Kong, on the other hand, fall under the Southwest Pacific Command, which is not a combined one, and the U.S. War Department is, I am told, taking the line that it cannot accept responsibility for providing essential supplies for these areas unless they are freed as a result of direct military operations. In other words, if these become what is known as "hiatus" territories, the responsibility for providing essential civilian supplies during the military period will fall on the United Kingdom alone.

I hope that you will agree that in the light of the foregoing considerations there is a clear case for the grant of Lend-Lease terms for such of the supplies for these territories which must be obtained from the U.S. These are essential requirements needed during the military period in support of military operations. They are programmed by the military authorities and are under military control.

We do not yet know what items will be required from the U.S.A. and in exactly what quantities. This is now under examination to determine what proportion of the total requirements can be met most conveniently, having regard to supply and shipping considerations, from the United Kingdom, other countries, and the United States, respectively. Nevertheless, it is clear that we shall need to obtain quantities of certain goods - e.g. such as medical supplies - from this country. As

I have

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I have said, these are requirements deemed necessary by the military authorities to prosecute the war against Japan. I hope, therefore, that when the time comes for us to put in demands on the United States, there will be no question but that in so far as those demands are to be met from U.S. capacity, they will be made available, like other military supplies, on Lend-Lease terms.

Yours sincerely,

KEYNES

Mr. Leo Crowley,
Administrator,
F.E.A.,
National Press Building,
Washington, D.C.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE December 8, 1944

TO Secretary Morgenthau

FROM Mr. White

I am appending memoranda prepared by Friedman who has just returned from China, submitting oral messages sent to you from

1. General Hurley
2. Dr. T. V. Soong, together with letter
3. Dr. Sun Fo, son of Dr. Sun Yat-sen and President of the Legislative Yuan
4. Chou En-lai, second man in the Chinese Communist Party
5. General Wedemeyer, who has replaced General Stilwell as Commanding General of the Chinese Theater
6. Madame Sun Yat-sen.

I think that you would be interested in talking to Friedman personally about the current Chinese situation.

General Hurley's message to Secretary Morgenthau

The following message for the Secretary was obtained orally in interview with General Hurley on November 15, 1944.

General Hurley said that he had been given a three-fold mission in Chungking by the President: (a) to maintain the present government and work through the Generalissimo; (b) to keep China in the war, and (c) to unify the Chinese Army for a more effective war effort.

He feels that the Chungking Government consists of people who are "traditionalists" in that they take the position that the Japanese, even if they do win, will, like other conquerors in the past, lose in the end because they will be absorbed into the Chinese society. Moreover, they are interested only in preserving their own position. They claim, he said, to be pro-democratic and to favor the introduction of democratic processes. Actually, they are fascist and favor dictatorship and refuse to make concessions to achieve unity. As for their attitude on the United States, they regard the U. S. taxpayer as a "sucker" and despite the difference in situation, speak of deserving aid in the magnitudes given to Great Britain and to Russia.

As for the Communists, in his opinion, they are "the only real democrats in China" and favor multi-party government. He then cited his much repeated statement that in his discussions with Molotov in Russia, Molotov had made the point that the Chinese Communists were not real Communists and that, in reality, they were equivalent to the farmer-labor group in the mid-West. He said that the Americans did not understand the Chinese Communists and for what they really stood.

The Communists, General Hurley said, had done a better job of organizing for war than had been done by the Chungking Government. They favor the unification of China and the Chinese armies and had "offered a fine, liberal program to achieve unity". The Communists, he was sure, did not get Russian support.

With regard to the current negotiations on Communist-Kuomintang relations, General Hurley said that the Communists

- 2 -

were fully prepared to cooperate in achieving a settlement and he already had their adherence to his proposals. He now needed the agreement of the Kuomintang group which had been appointed by the Generalissimo to handle the negotiations, in which T. V. Soong is the main figure. With regard to Soong, he felt that he was a "crook" but that didn't disturb him since he felt that in the environment of China wherein there was no such things as the Golden Rule, the Ten Commandments, Bill of Rights, Declaration of Independence, it was not surprising to find that their leading politicians were crooks.

He said that he expected to achieve the desired unity in a month or so or else he was "greatly mistaken" since he already had the Communists on our side and expected the others would come along.

With regard to the removal of General Stilwell and Ambassador Gauss, he said that they had had a "static" approach to the China problem; out of sheer disgust they favored "pulling the plug and allowing the show to go down the drain". This was not his mission.

We also discussed the financial negotiations going on in Washington and he said that he fully approved of the position being taken by the Secretary.

He concluded by sending his best regards to the Secretary and emphasizing that he felt the political situation in China would be considerably improved in the very near future.

Message from Dr. T. V. Soong to Secretary Morgenthau

At a private lunch with Dr. Soong on November 8th, Dr. Soong asked that the following message be relayed orally to the Secretary, together with letter which is being attached hereto.

He said that the situation in China was "mending" and that there would soon be many major changes and reforms in the military and economic situation and in the political relations with the Communists. He said that he was not worried about the situation but rather was "serene" because the "bottleneck" had finally been passed. He was also expecting an improvement in the relations with Russia. He said that future world peace depended on ability to get along with Russia.

Until now the situation in China had been bad. Changes necessary for improvement had been held up by the non-removal of General Stilwell. He had urged Stilwell's removal a year ago and said that it had been the reason for his returning to China in October 1943. President Roosevelt had displayed great courage in removing General Stilwell on the eve of the election.

He said that the present relations between the Generalissimo and General Wedemeyer were very good and that they were having daily informal conferences unlike in the case of General Stilwell. Stilwell and the Generalissimo had seen each other infrequently and on a formal basis.

He emphasized the fact that China and the United States had need for each other, particularly in the post-war period. He said that the United States had need for a strong united democratic China. He expressed cynicism about the talk of China being treated as one of the Big Four powers and said that in a way such talk was insulting since China's position would depend upon her internal strength and that external aid was necessarily of minor importance except in the short-run. Thus, there is no necessity for any one to say that Russia was one of the Big Four because obviously she is, while in the case of China it is a matter of potentialities and China would be one of the Big Four if necessary internal developments took place.

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He concluded by sending his best regards to the Secretary and said that he was looking forward to seeing him. He hoped to be in the United States within two or three months.

MESSAGE FROM DR. SUN FO TO SECRETARY MORGENTHAU

The following conversation was held with Dr. Sun Fo on or about October 31st. Dr. Sun Fo is the son of Dr. Sun Yat-sen and the President of the Legislative Yuan.

It reflects his reaction to the recall of General Stilwell and Ambassador Gauss. The Ambassador's recall had not yet been announced but was known to such well-informed Chinese as Dr. Sun Fo. Dr. Sun Fo said that he was glad to send the following message orally to the Secretary and that he was sure that it would be kept completely secret since the consequences of any publicity would be very drastic.

Dr. Sun was very pessimistic about the situation in China. He said that Free China was undergoing a wave of reaction which was stifling even the small amount of political freedom which had come into being during the period of the Peoples' Political Council meeting in September. Thus, the meetings which had been called by the Democratic League to discuss constitutional reforms were no longer being held since it was now necessary to receive prior police permission to hold all meetings. This meant that all meetings were attended by spies of the government and, as a result, people were afraid to attend. Moreover, all talk of coalition government was forbidden and nothing could be said about it in the press.

The Generalissimo was in a more recalcitrant mood than ever and was feeling in a very strong position because he had been able to force the removal of General Stilwell. The Generalissimo now felt that he had nothing to fear from American pressure and that he need not live up to prior commitments on political reform.

The Generalissimo favored a military solution to the Communist-Kuomintang conflict rather than a political one. Thus, only the day before, Dr. Sun had been told by a General in command of the Kwangtung area that he had discussed with the Generalissimo the problem of what to do about the Communists in Kwangtung. The Generalissimo had replied that the General should use his troops to attack and wipe out the Communists and the Generalissimo had not been swerved in his attitude on this

- 2 -

problem by having the point made to him that this would mean cessation of resistance against the Japanese in this area. In the opinion of Dr. Sun, such a policy was suicidal for the Kuomintang and the Chungking Government.

The Chinese Communists were spreading into the area which were being lost by the Chungking Government and already were very influential in the Southeastern provinces. Within a short period of time - within six months - the Communists would be relatively so strong that they could completely ignore the wishes and desires of the Chungking Government. The Communists knew this but because of their eagerness to prosecute the anti-Japanese war they were willing to enter into a coalition government at the present time which would preserve the Generalissimo as the head of state and keep the Kuomintang as a major political party in China.

Unless a coalition government was formed China in the post-war period would be Communist-dominated. On the other hand, if a coalition government was formed it could be expected that post-war China would develop along democratic lines similar to the United States. It all depended upon the willingness of the Generalissimo to make the necessary change but since the small group closest to him such as Ho Ying-chin recognized that coalition government meant the end of their influence, they were bitterly opposed to it and were consistently advising the Generalissimo against it and the Generalissimo was now following their advice.

In the opinion of Dr. Sun the removal of Stilwell and Ambassador Gauss were great blows to the cause of Chinese unity and considerably diminished the possibilities of needed political reform. He expressed sympathy with the Communists unwillingness to hand over their armies to the control of the Chungking Government until necessary democratic reforms had taken place since this would end the hope of democratic reform, as the Communists and their armies were the chief forces making for democratic reform in China.

At present, the influence of such liberals as himself was practically non-existent, and their future was extremely uncertain. It was extremely important that the American Government continue

- 3 -

its policy of pushing for democratic reforms, national unity, reorganization of the Chinese armies, and activation of the Chinese armies.

The formation of a truly coalition government, he said, was essential for Chinese morale. At present, nobody wanted to fight the Japanese if it meant fighting for the corrupt Government in Chungking. The students, for example, were refusing to volunteer on these grounds. A coalition government would change this drastically and immediately. It would mean the revitalization of the Chinese war effort.

Interview with General Chou En-lai and his message to Secretary Morgenthau

On the evening of November 13 I received an invitation to have a private discussion with General Chou En-lai the following morning at 9:00 o'clock. General Chou is one of the three principal leaders of the Chinese Communists. General Chou En-lai had come down to Chungking from Yen-an about two or three days before at the request and under the protection of General Hurley. His presence in Chungking was still a top military secret and the invitation to myself to see him was the first extended to any civilian representative of the American Government in Chungking. (I don't know if any others received invitations since I left Chungking soon after.) It undoubtedly reflected the fact that in the opinion of the Chinese Communists, as in the opinion of other Chinese, the Secretary is the No. 2 man in the American Government and the Chinese Communists, like the other Chinese, are eager to have his good will.

In addition to Chou En-lai and myself there were present his interpreter and one of the Communist officials in Chungking (Wang Ping-nan) who left soon after the conversation began. Despite the presence of an interpreter, however, the conversation was carried on in English between General Chou and myself. It was made clear to General Chou that what he would say would be transmitted to the Secretary and General Chou said that he understood this perfectly and would be glad if it was.

We first talked about the economic and financial situation in the Northwest; the economic policies of the Yen-an Government and the possibility of economic and financial reorganization of the areas under the Chungking Government. Then we discussed the political situation. However, because of the greater immediate interest in the political statements made by General Chou, that part of the conversation is herewith given first.

With regard to the political situation, General Chou said that the purpose of his trip to Chungking was to help bring about the unification of China on the terms laid down in his October 10th speech, copy of which, together with some other material he gave me at this point. He said that the Communists

- 2 -

were in favor of the prosecution of the anti-Japanese war but that they would not swerve from the basis which was laid down in his October 10th speech. They had waited eight years since the Sian Incident for the necessary democratic reorganization of the Chinese Government and they now felt that the objective situation made possible major changes within the year. (He refused to be pinned down as to whether within the year meant in 1944 or within the next twelve months.) He felt that with the aid of "our American friends" unity would come sooner. If his mission was successful, he would return to Yen-an but only temporarily; if his mission was not successful he would return to Yen-an permanently.

However, he said, if the present Government remained "unreconstructed" the Government in Yen-an, as the representatives of 90 million people or more would have to ask for separate representation with regard to such things as international conferences, etc. Of course, the Yen-an Government favored international cooperation in the financial field as well as in the political. He concluded by extending the invitation of his Government to the Treasury representative in Chungking to come to Yen-an for personal investigation of the situation there.

Throughout the conversation Chou En-lai spoke in the tenor of a responsible government official and never indicated any doubts that his party would be part of the ruling group of China in the years to come.

With regard to the economic and financial situation, Chou stressed the need in the Northwest for foreign technical assistance, capital and machinery. He emphasized the fact that the guerrilla areas receive no outside help except what they were able to capture from the Japanese.

Production in Northwest China, he said, could be increased immediately with a comparatively small amount of foreign equipment.

With regard to the possibility of permanent economic development of the Northwest areas, he said he thought there was a basis for development of certain industries such as salt, chemicals and cotton.

- 3 -

The possibility of the application of the small unit type of production being used in the Northwest to the large cities in North and Eastern China was discussed. General Chou said that the economic reorganization of these cities after their liberation would necessitate a change in economic techniques. Small units would be used in the countryside but large scale production used in the cities.

The question was raised as to the possibilities of increasing production in Free China. He said that in his opinion, if his Government had the power and authority to make the necessary changes, production could be markedly increased in six months. What was basically needed was a democratic reorganization of the Government and of the existing bureaucracy.

With the end of the blockade, the Northwest, he said, could actually provide the other parts of Free China with such things as woolen cloth, thereby alleviating the grave economic situation in these areas. The fundamental approach to China's economic problems was to increase production and improve transportation.

With regard to China's post-war position, her greatest economic need would be for foreign capital. In this connection, he said that the Communists were prepared to permit foreign ownership of Chinese industries, etc. under Chinese laws and that their plans called for the existence of three types of ownership: (a) national, (b) private owned Chinese, and (c) foreign owned. He said that they recognized the need for peace and security to attract foreign capital and that this would be achieved by the democratic reform of China which would end the fear of civil war. He stressed the fact that China needs a long period of internal and external peace. Moreover, China had to participate in international economic and financial organizations if she was to overcome her present backward state.

He ended the discussion of the economic situation by stressing the point that the Chinese Communists did not feel that the socialization of industry was the proper form of economy for China and that China's industrialization would take place within the framework of capitalist economy.

INTERVIEW WITH GENERAL WEDEMAYER

General Wedemeyer replaced General Stilwell as the Commanding General of the China Theater.

I called on General Wedemeyer on November 14th to tell him that I was returning to the States and that Mr. Adler was returning to Chungking.

We discussed the financial negotiations and he said that he favored a firm attitude in negotiations. He did not fear the effects of such a firm attitude even if it resulted in an attempt to blackmail us by refusal to advance funds. If this happened, he would refer the matter to the President. I informed him that the Treasury's attitude had always been to be as fair as possible to the Chinese, but always to refuse to be blackmailed.

General Wedemeyer said that he was looking forward to Mr. Adler's coming and would consult with him on all financial matters and would be glad, as in the case of myself, to receive suggestions and advice on all matters relating to the financial aspects of the U. S. Army's activities in China.

With regard to the military situation, he said that the situation was deteriorating but it was not hopeless and that he had not given up hope of having China make an important contribution to the winning of the war.

INTERVIEW WITH MADAME SUN YAT-SEN

Madame Sun was very pessimistic about the political situation in China. She felt that it all hinged on the willingness of the Generalissimo to change his position and she did not see any great likelihood of that. She tended to deprecate the American role in bringing about a solution of the Communist-Kuomintang problem and indicated that she didn't think we were prepared to go beyond exchanging cables between Chungking and Washington. She clearly indicated that she felt that the Chungking Government was not interested in fighting the war and because of that would not be interested in a coalition government with the Communists who were interested in fighting the war. (At the time she gave no indication of knowing about the impending cabinet changes.) She scoffed at the idea that China's military defeats were due to lack of American aid and said that the Chungking Government was not interested in using the military equipment it received against the Japanese.

Because of the presence of an outside party (social caller who did not have enough sense to excuse himself and leave), I did not ask any questions. I was later told that Madame Sun had expressed regret at our not having had a completely private talk.

Treasury Department
Division of Monetary Research

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Date.....December 29 19 44

To: Secretary Morgenthau

You may be interested in glancing
at this letter.

H.D.W.

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



TREASURY DEPARTMENT

WASHINGTON 25

PARIS, 8 December 1944



AIR MAIL

AIR POUCH
No. 30

M

Dear Mr. White:

There are certain recent developments in connection with the epuration movement which are important to an understanding of current political trends in France.

On the one hand there has been a continued attack in the press on the slowness of the program of epuration in the Government and the important economic organizations. This criticism tends to become mingled with the criticism of the slow improvement in ravitaillement and general living conditions. It has been charged with respect to butter, coal, wine and other foods that even discounting the bad transport situation, the failure of supplies available in Paris to increase rapidly is due mainly to the continued administration of the supply services by Vichy appointees, who are interested primarily in hanging on to their source of profit. Opposed to the point of view that a rapid cleaning out of existing administrative officials would improve the situation is the opinion that to discharge too many people at once merely results in a complete breakdown of the existing machinery. M. Pleven made this point the other day in a conversation. I note with interest in the report of Aarons and Patterson on the Belgian situation that the Belgian authorities did wreck and then find it necessary to reconstitute a Nazi-inspired and manned supply service so there may be some validity to this point of view. Nevertheless there seems to be a growing conviction that if more changes were made the situation would improve.

The Government's program for bringing collaborationists to trial has received fairly severe criticism in the Consultative Assembly. The most marked expression of dissatisfaction so far is the gesture of reducing the budget of the Ministry of Justice by 100 francs after a long session of questioning M. de Menthon, Minister of Justice. The Assembly was not satisfied with the progress being made by M. de Menthon's Ministry.

Mr. White,

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8 December 1944

There have of course always been those who took the view that there is too much rather than too little epuration going on in France. Persons in this group range from the extreme reactionaries whose persons, families, or fortunes are most likely to be affected by the movement to persons of generally liberal views who disapprove the irregular methods which have sometimes been applied under the pressure of mass excitement and who also disapprove of the way in which the left wing tends to assume that persons of wealth or of persons of conservative political views are ipso facto suspect from the point of view of collaborating with the enemy. It is a fact that many persons of conservative political tendencies were just as good members of the Resistance as any one else. It is also a fact, of course, that the overwhelming majority of persons who were not patriots are to be found in this category. The situation is one in which it is almost impossible to be what we call "fair."

There are certain points about the role being played by the communists in connection with the general movement of epuration which confuse the picture even more. The communists, and to a certain extent, the other Resistance groups, have, from the time of liberation, linked anti-communists and collaborationists and have tried to create an atmosphere in which persons known to have been guilty of anti-communism would be assumed to be guilty of collaborationism. This is a perfectly natural result of the Germans continued appellation of all Resistance elements as communists, and on the whole is probably not misleading. There are, however, anti-communists who were certainly not collaborationists and anti-communists who played an important role in the Resistance movement in assisting the British and American military operations both before and during the landings.

Mr. White,

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8 December 1944

There is also to be kept in mind in this connection the rather peculiar role played by the communists during the period of the Russo-German pact -- a role which I do not fully understand. The communists never mention this period now but the return of Maurice Thorez to Paris has led many non-communists to refer to it. It is said Thorez spent some of this time, while France was at war with Germany, in Berlin writing and broadcasting in favor of Franco-German rapprochement. It is charged that in some of the areas where the communists are pretty much in control of the treason trials persons whose only crime was anti-communism during this period are being condemned, although not guilty of any treason to France or what the French call "intelligence with the enemy."

The most important of these cases has recently become a subject for discussion in the press in Paris and particularly in Lyon. The man who was Prefect of the Lyon Region under Vichy, M. Angeli, has recently been tried in Lyon and condemned to death. I have not seen the procès verbal of the trial but at least three of the Lyon papers have called this trial a grave miscarriage of justice. Angeli's defense was that he helped the Resistance, effectively sabotaged the carrying out of Vichy decrees, and reduced greatly the deportation of Jews and workers in the Lyon area. This, of course, is a story told by practically all officials accused of collaboration. I suppose there must be some cases in which it is true. I was told by a British officer who has talked to a number of people coming from Lyon since the trial, and who knows the region well, that the only real evidence against Angeli was that he was in office under Vichy (he was not a new Vichy appointee), and was anti-communist in 1940 and that those who justified his conviction say that it was necessary to convict him in order to get at some of his subordinates. There were considerable demonstrations in Lyon following his conviction which HUMANITE asserts were organized by the Fifth Column, and the other Paris papers say were orderly and spontaneous expressions of disapproval of the verdict. Obviously one can not pass judgment on this

Mr. White,

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8 December 1944.

case from Paris. The significant fact is that with the exception of the communist paper all of the French press in Lyon, which has been just as strong in advocacy of the punishment of traitors as the Resistance press in Paris, denounced this verdict as a miscarriage of Justice. This rift in the press has not, to my knowledge, occurred before with respect to epuration.

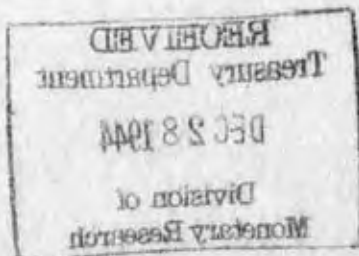
The points raised alone do not change the fundamental fact that an enormous amount of housecleaning remains to be done in France or the fact that the fundamental and honest demand for epuration on the part of the vast majority of the French people is not yet being met by the Government. Unless this is done it is probable that the political clashes over the subject will increase in number and become more bitter.

Very truly yours,



Michael L. Hoffman
U. S. Treasury Representative.

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



reading only by special
arrangement. (SECRET W)

Dated December 8, 1944

Rec'd 4:40 a.m., 9th.

Secretary of State

Washington

10881, December 8, 9 p.m.

FOR MEHLE FROM HAJN

Following message is for Suzanne LaFollette and Sigmund Jeremias, Labor's War Relief Program, 10 East 40th Street, New York from Albert Guigui:

"My project not having been agreed to by CGT, it is necessary to designate trustees in Switzerland. I confirm cable of November 22 informing you decision CGT to distribute relief for families of victims of occupation and deportees and proposing designate Pierre Neumeyer and Robert Botvereau trustees in France. On my return London Mr. Mann again points out that authorization Treasury and WRB to dispose of funds does not apply to provide relief for families in liberated France of nationals deported to Germany. Paris cabled to withhold distribution. Clear instructions from you regard use of funds would be appreciated. Regards".

For WRB, see my 7534, September 13 and board's WRB 4, September 22. Confusion seems to have resulted from a message which Guigui says was sent by addresses through commercial channels while he was in France plus fact that his labor union (CGT) cannot understand why funds sent from United States cannot be used for such worthwhile relief projects as caring for families of those workers exiled or deported by Germans. I cabled Hoffman on November 29 to point out to CGT restrictions of Treasury license. Guigui has now received message laying distribution of funds will be held up pending new instructions from him.

Project mentioned in message above is plan to rescue from Germany deported French workers. Latter use of these funds fully discussed in my letter of December 2. Please discuss with LaFolette and Jeremias and request them to clear reply through WRB channels so that confusion such as heretofore resulting from their messages may be avoided.

WINANT

WMB

CABLE TO AMERICAN CONSULATE, JERUSALEM, FROM WAR REFUGEE BOARD.

Please deliver following message to Judah Magnes from M. A. Leavitt
of American Jewish Joint Distribution Committee:

QUOTE OUR REASON FOR REQUESTING THAT EMIGRATION PROJECTS
RECEIVE PRIOR APPROVAL WAS BASED SOLELY ON OUR DESIRE BE ASSURED
SAFE TRANSPORTATION EMIGRANTS TO PALESTINE THEREFORE WE GLAD AGREE
THAT AFTER YOU ASSURED EITHER THROUGH FILDERMAN OR OTHER SOURCES
THAT BOATS SEAWORTHY AND MINIMAL RISKS INVOLVED IN VOYAGE YOU
CAN COMMIT JDC FOR 80 PERCENT COSTS TRANSPORTATION UP TO 5,000
EMIGRANTS. SHOULD HOWEVER AGENCY BE UNABLE PROVIDE REMAINING
20 PERCENT WE PREPARED TAKE OVER ENTIRE COSTS SINCE WE UNWILLING
PREVENT EMIGRATION TO PALESTINE FOR ANY CERTIFICATE HOLDER BECAUSE
LACK OF FUNDS. WOULD ASK THAT YOU KEEP US CURRENTLY INFORMED OF
ACTUAL COMMITMENTS MADE WITHIN THIS AUTHORIZATION. WITH RESPECT
TO PRIORITIES EMIGRANTS WE BELIEVE THIS MUST REMAIN PRIMARY
RESPONSIBILITY OF JEWISH AGENCY SINCE THIS REPRESENTS NORMAL
EMIGRATION RATHER THAN EMERGENCY RESCUE. WHILE WE HOPE JEWISH
AGENCY WILL GIVE PRIORITY TO CHILDREN AND FOREIGN REFUGEES RUMANIA
JDC CANNOT IMPOSE THIS AS CONDITION. WE RELAYING CONTENTS THIS
CABLE TO SCHWARTZ. UNQUOTE

1:15 p.m.
December 8, 1944

FBM-616

PLAIN

Lisbon

Dated December 8, 1944

Rec'd 11:10 p.m.

Secretary of State,

Washington.

4164, Eighth.

WRB 271, JDC 133, FOR LEAVITT FROM PILPEL.

Further our 216. \$75,000 required promptly enable Laura Margolis assume 75,000 kilos of excellent foodstuffs for shipment Theresienstadt and possibly other camps. Swedish export license in hand and all details arranged through Foersamlingen which supervising YMCA which handling mailing and all technical details. Laura reports Ehrenpreis agrees relief not within Congress area and Ehrenpreis prepared turn over project which Congress unable finance.

CROCKER

YMB

CORRECTION

AF-202

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

December 8, 1944

Telegram from Bern, No. 7986, December 7,
Noon, in the second line of the second paragraph
"Warns Huis" should read "Warnshu is returning"
and insert "hostels and smaller centers; also
runs foyers in" after "refugees in" and before
"various camps" so as to read "Cinade continues
work for old groups refugees in hostels and smaller
centers; also runs foyers in various camps and is",
et cetera.

DIVISION OF COMMUNICATIONS AND RECORDS

CAD

CABLE TO AMERICAN LEGATION, BERN, FOR MCCLELLAND, FROM WAR REFUGEE BOARD.

Please deliver following message to Dr. Joseph Schwartz from
M. A. Leavitt of American Jewish Joint Distribution Committee:

QUOTE FOLLOWING CABLE SENT TO JUDAH MAGNES TODAY:
INNERQUOTE OUR REASON FOR REQUESTING THAT EMIGRATION
PROJECTS RECEIVE PRIOR APPROVAL WAS BASED SOLELY ON OUR
DESIRE BE ASSURED SAFE TRANSPORTATION EMIGRANTS TO PALESTINE
THEREFORE WE GLAD AGREE THAT AFTER YOU ASSURED EITHER THROUGH
FILDERMAN OR OTHER SOURCES THAT BOATS SEAWORTHY AND MINIMAL
RISKS INVOLVED IN VOYAGE YOU CAN COMMIT JDC FOR 80 PERCENT
COSTS TRANSPORTATION UP TO 5,000 EMIGRANTS. SHOULD HOWEVER
AGENCY BE UNABLE PROVIDE REMAINING 20 PERCENT WE PREPARED
TAKE OVER ENTIRE COSTS SINCE WE UNWILLING PREVENT EMIGRATION
TO PALESTINE FOR ANY CERTIFICATE HOLDER BECAUSE LACK OF FUNDS.
WOULD ASK THAT YOU KEEP US CURRENTLY INFORMED OF ACTUAL COMMITMENTS
MADE WITHIN THIS AUTHORIZATION. WITH RESPECT TO PRIORITIES EMIGRANTS
WE BELIEVE THIS MUST REMAIN PRIMARY RESPONSIBILITY OF JEWISH AGENCY
SINCE THIS REPRESENTS NORMAL EMIGRATION RATHER THAN EMERGENCY RESCUE.
~~REMEMBER~~ WHILE WE HOPE JEWISH AGENCY WILL GIVE PRIORITY TO CHILDREN
AND FOREIGN REFUGEES RUMANIA JDC CANNOT IMPOSE THIS AS CONDITION.
WE RELAYING CONTENTS THIS CABLE TO SCHWARTZ. END INNERQUOTE. UNQUOTE

THIS IS WRB BERN CABLE NO. 318.

1:15 p.m.
December 8, 1944

CABLE TO AMLEGATION BERN FOR MCCLELLAND

Greatly appreciate information contained in your letter of November 27 and enclosure. It is noted that no mention is made of special treatment of 2300 Budapest Jews to whom, according to Amembassy Madrid, Spanish letters of protection have been issued, and of 570 Jews, including 500 children in possession of visas to Spain and Spanish Morocco. Since then, Spanish Legation in Budapest was authorized to grant visas to 700 more Budapest Jews.

Please ascertain through available channels reasons for such omission of Jews with Spanish protective documents and visas from the exceptional treatment reserved to holders of similar papers issued by other governments. Amembassy Madrid is being instructed to take appropriate steps.

Please advise Board of any information you can obtain in this matter.

THIS IS WRB BERN CABLE NO. 319.

5:00 p.m.
December 8, 1944

CABLE TO AMLEGATION BERN, SWITZERLAND, FOR MCCLELLAND

The following is an excerpt from a note by Ecuadoran Foreign Office to U. S. Embassy, dated October 30:

QUOTE In accordance with humanitarian principles, my Government addressed its diplomatic representative in Switzerland in order to arrange for the Federal Government as protector of Ecuadoran interests in Axis Nations, to negotiate with the German authorities so that they would respect the foreign status of persons who might be protected by Ecuadoran papers.

QUOTE The Charge d'Affaires of Ecuador in Switzerland has informed me that the Federal Government has indicated that it is necessary, in order to carry out the negotiations entrusted to it, that the Ecuadoran Government previously recognize the Ecuadoran nationality of the bearers of these documents.

QUOTE The Government of Ecuador cannot accede on any account to the requirement stipulated by the Federal Government since the constitutional provisions that regulate the declaration of nationality establish a procedure which cannot be set aside without committing grave error that would give rise to a legislative investigation and to censure of whoever might authorize the violation of the fundamental laws of the Nation.

QUOTE Consequently, my Government in reiterating to Your Excellency's Government its intention of not insisting for the moment on the invalidity of those documents, informs it that in view of the foregoing, it has decided to suspend the negotiations under reference with the Swiss Government. UNQUOTE

We fully understand Ecuadoran position and fear that action of Swiss authorities, by addressing to Ecuador a new demand clearly impossible of fulfillment, is jeopardizing the safety of people whom we, jointly with Switzerland, have sought to keep alive.

In this connection, please also convey our regret over varying attitudes adopted with reference to Salvadoran documents reported in your 7929 of December 4, and our fear that this too will threaten the life-saving action of recent months.

Similar regret must be expressed over Swiss attitude concerning transmission of Honduran documents as reported in your 7901 of December 2, involving people said to be at Auschwitz.

Please emphasize to appropriate Swiss officials that further adherence to the attitude taken in the case of Ecuadoran, Honduran, and Salvadoran documents, and its extension to documents of other American republics might, in

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view of the well-known German attitude, lead to the horrible death of several thousand civilians hitherto kept alive by our joint efforts.

Concerning argument contained in last paragraph of your 7929 of December 4, this Government would be inclined to accept Swiss judgment on the subject, but the context leads us to believe that it is the newly developed strict approach of Switzerland to validation of citizenship documents rather than this argument that constitutes the main reason for Swiss attitude. That such strict approach, correct as it is in normal conditions, is being applied in the present circumstances, is a matter of deep regret.

Please explain the above to appropriate Swiss officials, expressing this Government's hope that they will resume their former attitude of liberally interpreting all grounds upon which they could continue their humanitarian function of saving innocent lives.

THIS IS WRB BERN CABLE NO. 320.

5:00 p.m.
December 8, 1944

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

December 8, 1944

9 p.m.

AMLEGATION

BERN

4154

The substance of your 7542 of November 15 and 7668 of November 21 has been carefully studied by the Board and the Department. As indicated in Department's 3255 of September 21, item three, the Board is of the view that the transmission by the protecting power of messages regarding the mistreatment of victims of enemy persecution serves a useful purpose regardless of whether the enemy government "accepts" the message in any formal sense. However, if certain terminology in the Department's telegrams requesting that such messages be transmitted is known to the Swiss to be definitely unacceptable to the Germans and likely to defeat the objective of the Department and the Board, which is to save the lives of unfortunate individuals, it is requested that the Swiss use their best discretion in the matter. Other channels are available for communication of the omitted passages or phrases.

In view of this Government's stand regarding holders of documents issued in the names of American Republics, which is shared by the Inter-American Advisory Committee for Political Defense, the Department and the Board do not accept any German refusal to receive communications in matters pertaining to bearers of Latin American documents. Further, in addition to existing efforts, since each of the Latin American nations has a protecting power for the German Government, Switzerland, Sweden, Spain or Portugal, it is possible for these protecting powers in view of the general responsibility devolving upon them in that capacity to concert measures at Berlin to save lives of persons whose existence is threatened. If the Swiss feel they can not speak up in behalf of human beings whose governments they do not represent, there is no reason why they should not exercise a humanitarian initiative to obtain concerted protective action along the lines suggested by the United States Government by all the protecting powers. The United States Government appreciates and will be eager to support any such Swiss move.

There is a definite reason why the United States Government appears so frequently as spokesman for the other American Republics in these matters. It has the best sources of information and with this responsibility can not await multiple transmissions of communications to various governments before initiating remedial measures. It is furthermore clearly established on the basis of Resolution XXIV of the Committee for Political Defense and through communications exchanged with the various American Republics that none of the other American Republics is willing to accept German infringement of its sovereignty which is constituted by German decisions regarding the validity of its documents of nationality. The protecting powers are all aware of this position and should not need added instructions from the represented powers in order effectively to maintain the protection of bearers of these documents.

This Government of course has a special interest in citizens and claimants to citizenship of the United States and you are authorized to urge or request the Swiss authorities accordingly, unless that has already been done, in line

-2- 4154 December 8, 9 p.m., to Bern

fifth paragraph of your 7542 describing action which the Swiss were to take with respect to those whom they consider to be bona fide United States and Latin American nationals represented by Switzerland. It is hoped that that action has been taken. However, the Department and the Board wish to point out that since the Swiss have been arbitrarily deprived by the Germans of contact with many of the individuals whose lives are in the greatest danger they are not able to perceive how the Swiss can determine which of these individuals are bona fide nationals. If without such contact the Swiss should undertake to accept the German determination they would be accepting a grave responsibility.

The German Government is willing enough to accept representations of the United States Government in behalf of the other American Republics whether or not represented by Switzerland, when by doing so it obtains an advantage in the return of its nationals to Germany in exchange. Germany's failure at this late date to recognize the interest of this Government in claimants of nationality of the American Republics and its justification in making representations concerning matters affecting their availability for exchange is entirely inconsistent. The United States Government can not accept this German point of view. Moreover, Germany's attitude in the light of your 7616 of November 18 is not likely to prove inflexible in practice even if it remains so in negotiations.

There appears to be some misinterpretation attached to the Swiss attitude in the matter of the Americans and Latin Americans removed from Slovakia discussed in your 7163 of October 28, penultimate paragraph of your 7542, and the Department's 3769 of November 4 and 3852 of November 11, 1944. The Department and the Board understood that Grassli's proposal called for an approach to the German Government as the power responsible for the transfer of the Americans and Latin Americans held in Slovakia and that he intended the Swiss Government, on its own initiative, as a good office in behalf of both belligerents and in the effort to solve the impasse which might otherwise arise, to suggest to the Germans as a possible solution to the difficulty the return of these individuals to Slovakia. In its 3769, the Department therefore concurred in his proposal. In its 3852 requesting the Swiss to take definite action, it made the request extend only so far as this Government could speak in the matter without extending recognition to Slovakia. Your 7802 of November 28 covers only eight of at least 150 Americans understood to have been held at Marianka. If this figure represents the total number of American citizens of Jewish race remaining alive in Slovakia, numbers of American citizens have disappeared.

To make the matter clear, the Department would be glad if the Swiss could continue with the implementation of Grassli's proposal to the extent that is compatible with pending exchange proposals. The extent to which the Swiss can speak for the United States Government in making this proposal was defined in Department's 3852 and the Department notes with gratitude that they have done so and further that they have induced the Germans to consider the exchange of at least eight of the Americans concerned. The remaining elements of the proposal can only be implemented by the Swiss on their own initiative through good offices as a friendly neutral intermediary.

If there

-3- 4154 December 8, 9 p.m., to Bern

If there were at Marianka or at Serec nationals of the American Republics not represented by Switzerland, the Department and the Board would appreciate if in addition to the action suggested in the foregoing paragraph the Swiss would inform the Department urgently so that the appropriate protecting powers may be asked to take parallel measures in their behalf.

STETTINIUS
(GLW)

WRB:GLW:MG
12/7/44

SWP

WE

ARA

OFFICE
SECRETARY OF TREASURY

1944 DEC 9 AM 9 17

TREASURY DEPARTMENT

NOT TO BE RE-TRANSMITTEDCOPY NO. 4~~SECRET~~OPTEL No. 397

Information received up to 10 a.m., 8th December, 1944.

1. NAVAL

Convoy of 31 ships has arrived in North Russia. One of H.M. Submarines is overdue from patrol East Indies and must be presumed lost.

At least 4 U-boats detected by escorts of Russian convoy in approaches to Murmansk. 1 possibly sunk by aircraft from one of H.M. Escort Carriers and 2 others attacked by surface escorts. On 6th the 19th Escort Group made promising attack on the U-boat which had previously sunk one of H.M. Frigates.

2. MILITARY

WESTERN FRONT. U.S. troops within 5 miles of Northern outskirts Colmar in general advance on 15 mile front. Considerable German movement reported eastwards from this area towards Rhine crossings and enemy may be pulling out. S.E. Saareguemines further slight advances on 12 mile front towards German border. Another bridgehead has been established across Saar, 5 miles north Saarlouis.

ITALY. U.K. troops have made slight advance S.W. Faenza against strong opposition.

EASTERN FRONT. Russians report further progress between Lake Balaton and the Danube and have captured Barcs on the Drava.

3. AIR

WESTERN FRONT. 6th/7th. Merseburg - 1,842 tons, Osnabruck - 1,355, Giessen Railway Centre - 782 and town - 411. 7th. Bad weather prevented operations by bombers. 82 fighters and fighter bombers operated over Northern and Southern battle areas and attacked railway S.W. Zwolla, Holland. 24 Mosquitoes (2 missing) and 40 Beaufighters (1 missing) were sent to attack shipping off Norway. In action with 15 German fighters 12 escorting Mustangs scored 6, 2, 0 for loss of 1. 7th/8th. Mosquitoes despatched: Cologne - 53, Hanau - 7. Complete cloud over both towns, but results believed good. All aircraft returned.

4. HOME SECURITY

Shortly after dark 7th 17 flying bombs plotted. 2 rocket incidents.