

Diary

Book 730

May 9-10, 1944

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May 9, 1944
9:30 a.m.

APPOINTMENT OF ASSISTANT TO THE SECRETARY

- Present: Mr. D. W. Bell
- Mr. Gaston
- Mr. O'Connell
- Mr. Smith
- Mr. White
- Mr. C. S. Bell
- Mrs. Klotz

H.M.JR: I just wrote the President a letter, and I sent him a copy of this Safeway ad last night, which I think is one of the most striking accomplishments. It shows that three hundred articles on May 8 of this year sold for fifty-four cents less than they did at the same time last year.

Incidentally, if War Bonds could just get other stores to do that--they just mentioned in the corner, "Buy War Bonds and Stamps."

MR. SMITH: Yes.

H.M.JR: Or OPA or somebody could carry it on. I don't know any better New Deal propaganda. It would have to be approached, because if they thought it was good for us, they wouldn't do it.

MR. SMITH: See what can be done?

H.M.JR: Yes. I want to keep this for the files.

The reason that I asked this group to meet rather than a larger group was, I put up to you people the other day this question of Roy Blough taking Sullivan's place in supervising Internal Revenue, and I wanted a comeback from you. The meeting is open for debate.

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MR. GASTON: My opinion is that it would be better to find someone else, if we can. We are getting down too thin in strength, and I believe that the main usefulness of a man who is supervising Internal Revenue is to spur them on in strictly administrative lines to see that they do the things necessary to be done, to look out for future happenings. The main job is, I think, administrative, and I think it is not the type of thing that Roy would do best, and it would probably interfere with his usefulness in the job he is now doing.

H.M.JR: I am listening.

MR. GASTON: That is the substance of my opinion.

H.M.JR: Let's go around the room.

Joe?

MR. O'CONNELL: I said probably more than I should have at the first meeting we had, and I have thought about it quite a bit since. I pretty much adhere to the view I have had before. I think Roy is a very effective fellow in his field. I am not sure that I agree entirely with Herb as to exactly what kind of fellow or what sort of thing the Bureau needs most, but I know that in the last two or three weeks I have run across two or three situations in the Bureau where they have given rulings in connection with one matter or another that seem to me to be wrong. I talked to Roy about them, and to John. While that may be a very small part of the sort of thing your man ought to do in the Bureau, I think that those situations--the ones I have come across--really need someone that will go right after the Bureau and force them to do things which they are not particularly inclined to do because they are inclined to do the yes, yes things.

H.M.JR: What kind of things?

MR. O'CONNELL: The two cases I have in mind were the things I mentioned a week or so ago where the Bureau ruled that a certain type of advertising was not deductible merely because Colin Stam wrote them a letter and said that the Chairman of the Ways and Means Committee was somewhat interested in this type of advertising.

That advertising situation I mentioned to both John and to Roy, and neither of them seemed to--well, Roy felt as indignant as I did about the particular situation I called to his attention. We haven't done anything about it, though, of course.

H.M.JR: The only candidate--he isn't a candidate--but the only person I have in mind is this man from Florida, what's his name?

MR. GASTON: Charles Murchison.

H.M.JR: Let's just have a person in mind, see? Then you can see whether he would do it better. He is a successful practicing lawyer who was smart enough not to get mixed up in the Florida boom. I don't know whether it was through financial wisdom or whether he was too young. Anyway, he was able to start clean, so he wasn't in any way mixed up. He was Regional Director for OCD for four or five States. Herbert checked the various Governors involved and got a very good report. He gets along well. He is supposed to have been--I haven't verified it--the manager for Claude Pepper's recent campaign.

MR. GASTON: He was. He took hold about four weeks before the primary.

H.M.JR: He is a successful practicing lawyer. He must have been a classmate at law school of both Pepper and Sullivan, and Sullivan has been urging him very strongly. Now, let's just--we have to talk frankly here. I doubt if a fellow like that would come in as Assistant to the Secretary. I don't want him as Assistant Secretary, and I don't want it on a competitive basis, so--I mean, I don't want anybody in competition with White, politically. I can see perfectly well where Sullivan and Hannegan might get together and work for this fellow for Assistant Secretary to the disadvantage of White. That isn't daydreaming, is it?

MR. O'CONNELL: No, not at all. It is entirely possible. You are not daydreaming at all.

H.M.JR: We have to be frank here, and I don't want anything to happen to White's getting this position. Let's be very frank in this room.

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MR. O'CONNELL: I think it is also true we could do a lot worse than Roy Blough.

H.M.JR: What is the man's name, Murchison? Well, I am suggesting him. He seems to be a very commendable citizen. He has no administrative experience. I don't know whether he is a fighter. Most likely if he has a good law practice he may have six or seven people in his office. I am just throwing this out. Herbert, I think, is inclined toward Murchison, aren't you?

MR. GASTON: Well, he is the only man I know of who might be--

H.M.JR: I mean, you put a man in charge of the most difficult administrative job, and you want him to be tough, a good administrator, to know how to run an IBM machine. I mean, that is an exaggeration. You want him to be a top-flight executive. And I don't know why Mr. Murchison should be. Let's say he is a very able lawyer, that he is a New Dealer, he is a liberal, and so forth, and so on. But put him into that thing--now, he is an attorney for Eastern Airways or Pan American, one of those that are trying to get down through Florida. He is here lobbying for them, which is perfectly legitimate. So I mean, that is what is going through my mind.

All right, you say Roy Blough isn't the fellow. I say, "Who else is?" I am thinking of a fellow, and it would be somebody like Murchison. Now, what do you have to say for yourself?

MR. O'CONNELL: I would say that somebody like Murchison would, to my mind, be a better bet than to try Roy, to keep Roy as he is. If you can get him as Assistant to the Secretary, I should think a fellow like Murchison would make the organization stronger than to try to spread Roy that much thinner and put him in a field in which he hasn't had any experience that would make him more of a top-flight executive than you are a lawyer.

H.M.JR: Well, I don't know how many people he has--twenty-five people--that is fair. That is all right.

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Fred?

MR. SMITH: Well, my only feeling is that it would be a shame to put a guy on part time, which you would be doing with Roy Blough, from our angle--from the angle I am interested in--because the Internal Revenue Bureau is now ready and open for business to make themselves reasonably popular. Norman Cann is working along, and Nunan is working along. All they need is a good strong man who can sit on them at this level up here.

You could do wonders down there in three months if a guy has nothing to do but just sit on it. Now, Roy Blough is going to have to do other things, too. I think you would be letting an opportunity go by that you may never get again.

H.M.JR: I hope I won't.

MR. SMITH: I don't know about Murchison. One thing you could do, maybe, is put somebody in there in an acting capacity until Harry is appointed and then get Murchison. Then it would be too late.

H.M.JR: To all purposes, as far as I am concerned, Sullivan is of no use to me right now. And I don't expect it. As far as I am concerned, he is up for the rest of the week in New Hampshire. I don't expect to get any more work out of him from now until the 1st of June.

MR. SMITH: If you could put a man like Lynch in temporarily in an acting capacity and wait until the appointment of Assistant Secretary is made--

H.M.JR: No, that is not fair to Lynch.

MR. O'CONNELL: He has more than he ought to be doing now. I don't think he is the man for that.

H.M.JR: I agree.

MR. D. W. BELL: You don't need anybody right away, do you? The mail can be handled here until this other situation is settled.

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H.M.JR: Well, it takes me a week or two to turn around. I mean, the fellow ought to come in. It would be nice if we could get a fellow and he would sort of work himself in. Here you have this most important Bureau and nobody in my office really supervising it.

MR. O'CONNELL: I think we need somebody right away, Dan. There are things every day that someone could be helpful on.

H.M.JR: That is why I am devoting this half hour to this thing.

MR. GASTON: It wouldn't be possible first to clear Harry's appointment, at least to clear it across the street before anything is done on the other, openly?

MR. WHITE: Before this discussion gets any further, let me make clear that I wouldn't for a moment want to stand in the way of your getting Murchison. It isn't that important to me, Mr. Secretary. I am very honored, and I would be glad to have it, but certainly not at that price.

H.M.JR: Look here, Harry, you have to take this conversation. If it is uncomfortable for you, I will excuse you from the room.

MR. WHITE: It isn't uncomfortable, but I want to make myself perfectly clear.

H.M.JR: I want you, and Murchison means nothing to me. I am just having a very frank discussion.

MR. WHITE: I wasn't thinking of Murchison personally. I mean, if you feel that you have that job to offer, certainly I agree that the head of Internal Revenue is an important task, and if that is the price you have to offer, by all means don't let me stand in the way.

MRS. KLOTZ: Shall we put him out, Mr. Secretary?

H.M.JR: For God's sake, Harry, pipe down.

MR. GASTON: I don't know what he is talking about.

H.M.JR: Don't go noble on me this morning; I don't feel well.

MR. WHITE: It is not my concept of nobility, somehow.

H.M.JR: Now, I have made up my mind. I am pointing out the things, and I thought I could do it in a nice little family discussion.

MR. WHITE: You can.

MR. GASTON: It is solely a question of an Assistant to the Secretary who can supervise the Bureau of Internal Revenue. It is whether we get somebody from within the Department here, that is to say, Roy Blough, or get somebody from the outside.

MR. WHITE: Well, I have, as I am sure the rest of you have, a high regard for Roy Blough's integrity, and for his competence. I think that under normal circumstances it would be best to look around and get somebody. I think your chances of getting a good man in that job at any time--the right kind of a man--are less than even at any time, because it requires many qualities that are more difficult probably than others, because it requires in addition to the ordinary attitudes that you would like to have in a man in charge there a knowledge of a very complicated subject. Otherwise, he is not much good. For example, the points that Joe just raised-- a new man coming in would never see that, not in three months, not in six months, not in nine months, and, in my judgment, not in a year. It takes him a long time to get on top of that very type of thing. So it seems to me that Roy has the great advantage now of having a knowledge of the very things which Joe and the others started on.

I think basically the difference of opinion lies, Herbert, in that you feel it must be more administrative tasks. I thought it would be less so. It appeared to me that the job there would be one of not administration at all, except in the sense of finding out what they are doing, what their

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policy is with respect to certain matters, and discussing them at a staff meeting. That is what I thought this job would be.

MR. GASTON: That organization is not wholly self-starting in my opinion. It needs goading, and it needs strength. I would like to throw another type of man into the discussion. The man I have in mind is Ellison C. Palmer.

H.M.JR: I thought you were going to say Ellison D. Smith!

MR. GASTON: He is the Intelligence Unit Agent in Charge at Atlanta. He is the oldest, and by far the best man in the Intelligence Unit. He is a lawyer, and an excellent administrator, but, of course, there would be some difficulties in taking a man down the line and putting him in supervision over the Bureau. I think he would be a very able man in such a position.

H.M.JR: Herbert, I have enough Intelligence fellows right now on my hands.

MR. D. W. BELL: I agree with that. I think we have gone too far in putting Intelligence people in administrative jobs. Because they are good agents, I don't think it means that they are good administrators.

MR. GASTON: Well, do you know Palmer? Have you had any contact with Palmer?

H.M.JR: I have shaken hands with him; that is all.

MR. GASTON: He is a very high-grade, level-headed, solid man.

MR. C. S. BELL: I think Palmer is probably the best man Mr. Irey has. He is a good all-around man; but if you are going into Internal Revenue, why wouldn't you think of somebody like Atkeson. He knows all phases of Internal Revenue, too--Tom Atkeson.

MR. O'CONNELL: In the Bureau, you mean?

MR. C. S. BELL: That is right. If you were going in the Bureau--he can talk Roy's language, and can also talk Internal Revenue.

MR. O'CONNELL: One thing I don't think Harry is right on is the necessity of having a man that knows a lot about taxes. Now, the problems I have mentioned--I could give the file to anyone of you fellows, or any fellow, whether he is a lawyer or not. He would have had a definite reaction to it. There is not a mumbo-jumbo in this tax business. And I just don't think it needs a man who is schooled in taxes. In some respects, it is better not to have a fellow that has so much of the tax point of view that he talks the same language as the fellows do over in the Bureau. There is nothing terribly complex about tax problems. They sound much worse than they are, and they use a language which requires a little decoding, but I really don't think it would be an unmixed blessing to have a fellow that doesn't know so much about taxes now.

MR. WHITE: I think I have a different opinion in general of administration of that character on the Secretary's staff. I don't think I would ever take a man from the outside, put him in charge of something, an independent organization, a quasi-independent organization and make him a part of the staff, because it seems to me what the Secretary's staff is, is somebody to serve him, primarily, as distinct from the head of an agency or bureau. Therefore, I would be inclined to say that I would always put a man on the staff first and then put him out over an agency so as to know that his prime interest is not only a question of loyalties--that is taken for granted--but it is the fact that he goes out to see that what is happening there is in accordance with what is happening here. He goes out to bring the ideas that are here out there, and what I would regard as most important, he is not overwhelmed by the fellow in charge of the agency. His strength stems from the staff, and, therefore, he doesn't have to be in a position of having his whole base over there and not knowing what he can differ with, when he is in a position of sort of tattle-taling and when he is in a position of carrying out administration. So I would say in

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general--as a general policy--I would never take a man, put him in an agency--I would always do the reverse, either in the Department directly under a man as part of your staff, or assistant to your staff, and then put him on. That would be my general idea of the man. Maybe my ideas differ drastically from yours.

H.M.JR: Dan?

MR. D. W. BELL: The Secretary would have had a hard time doing that in November, 1933.

MR. WHITE: Well, that is different.

MR. D. W. BELL: Different only due to the fact that he has been here a long time and has had people around him that know these various services. But taking new people coming in, he has to have people who represent the Administration, carry out the Administration's policies, and those people have to be over the Bureaus, and they have to sit in the Secretary's staff.

MR. WHITE: I am sure there again we differ. If I were going in, say, in '33 as a new man, I would have a clean staff. That doesn't effect the administrative bureau.

I am speaking now of the Secretary's personal staff.

H.M.JR: Where do you stand, Dan?

MR. D. W. BELL: I have a very high regard for Roy Blough's ability. Certainly as a technician he can't be beaten. I question whether he has had the administrative experience necessary to be over the Bureau, and I agree with Herbert that you lose some of his importance and ability by putting him in that job.

I also have one other fear, and that is that I don't think Roy is very popular in the Bureau, and I doubt if he would get along as well.

H.M.JR: Well, that would be good.

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MR. D. W. BELL: I don't think it would. You have a man down there who is a political appointee. He likes to be his own boss pretty well. Everybody who has been there does. I think the man has to be a diplomat as well as a good administrator to get along with the Bureau. I haven't anyone else in mind. The only fellow I can think of outside is Murchison. I don't know him very well. I have met him two or three times, and I think he is a very able man. I have had this thought, and I don't know whether we can do anything about it, but it is to lighten Herbert Gaston's duties on other fronts and let him take it on. He knows the tax end, and he is a good administrator.

MR. GASTON: I repudiate all that you have said.

H.M.JR: Would it interest you?

MR. GASTON: I just feel that it is something I couldn't handle very well. I think it is too much of a job.

MR. D. W. BELL: I think Herbert could handle it if he would get rid of some of the other stuff. I think he could handle Customs. They go together pretty well. Get rid of Customs, Secret Service, and some more cats and dogs. It is a big bureau, and it is a policy determining place, and I think that it rates at a staff level, assistant level, Assistant Secretary, or Under Secretary.

H.M.JR: Charlie?

MR. C. S. BELL: Danny and I had discussed it. You might bring Eddie Palmer in and turn some of this investigative work over to him with Irey to lessen Mr. Gaston's burden if he could take on the two revenue bureaus, Customs and Revenue. But I agree with Danny that it is on a policy level. That is really the basis of it.

Joe is handling the legal work for the Bureau. We had a lot of the administrative work as such, pure administrative work.

H.M.JR: Well, I am all for bringing someone in at the right level, as in the case of Mr. Olrich. He seems to handle himself all right, doesn't he?

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MR. O'CONNELL: Yes, he is a go-getter.

H.M.JR: I mean as to the ethical thing.

MR. O'CONNELL: He was all right.

H.M.JR: He seemed to go further than I wanted him to go.

MR. O'CONNELL: Well, he is all right.

H.M.JR: He didn't put up any argument, "I can't get this fellow or that," did he?

MR. O'CONNELL: No, but I don't think he agreed. I thought you left the very tough position rather open at the end of the meeting.

H.M.JR: But in the case of his own company--

MR. O'CONNELL: Oh, yes, he went further than you would have expected him to go.

H.M.JR: Of course, the two examples in this town--you take the President, for instance; he has his little group. He is accustomed to them. He is comfortable with them, and as the people pass on, he promotes them. Now, that was true when his Chief Clerk passed on. He took the fellows down the line and promoted them. When McIntyre passed on, he took his assistant and made him Secretary to the President. Now, there is that example.

In the case of Eisenhower, he has his little group that he got comfortable with in Algiers, and he takes the same group with him to London. So if I should decide to do the thing with Blough, it would be on the same pattern as those same people. I get so I am comfortable with those people, and I give them additional responsibility. So I have two pretty good precedents. I have seen Eisenhower and what he has done in London. He has taken the little group he had down there; whether Mr. Stimson and Mr. McCloy think they are good or bad, he has taken that same little group. He

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has exactly the same group with him in London. And the President is doing the same thing. I am doing the same thing here, but I will think about it some more. I am going to have a talk with Herbert and see how he feels. I haven't talked with Blough, but this helps a little bit.

MR. GASTON: The only thing really I had in mind was the question of strengthening the force around you, giving you more material. That was the prime thing I had in mind.

H.M.JR: Herbert, I am with you, but the great trouble is: Now look at the amount of time I have to give Olrich, and will continue to, to get that man on the right track.

If you bring a fellow like Murchison in, he may turn out to be the world wonder or the world washout. And I can't afford over at the Bureau to take that gamble. I just can't gamble on somebody that I am going to put in between now and November and have that fellow do the wrong thing. It is a key position.

MR. WHITE: I wouldn't be in favor, for example, of getting a fellow like Murchison and putting him in your staff and giving him some responsibility until you know him and find out where you want to put him, but it would seem to me that would be the way to strengthen your staff, rather than to add him to your staff and give him additional responsibility as time goes on.

H.M.JR: I have these people waiting.

I read you Mike Cowles letter. If I were editor and owner of a paper, say, and somebody sent me some stuff, and I didn't even know whether it was good or bad, it is pretty weak.

MR. SMITH: Disclaiming all responsibility.

H.M.JR: But he refers you to Richard Wilson. Have you had a chance--

MR. SMITH: No, I am calling him today. I called him yesterday, and he was out. I am going to follow it up; I intend to follow it up.

May 9, 1944

My dear Mr. President:

I don't know whether you saw the enclosed advertisement in last night's Evening Star, but on the chance that you did not I am sending you a copy of it, because I think this advertisement more than anything else that I have seen recently demonstrates conclusively the accomplishment of your Administration, during the past year, in holding down the cost of living.

May I extend my congratulations to you personally on this great achievement.

Sincerely,

The President,
The White House.

HERE'S HOW SAFEWAY'S PRICES OF TODAY COMPARE WITH A YEAR AGO



Do your share toward victory
BUY WAR BONDS & STAMPS

Many housewives have asked us how our prices today compare with those of 1942. The answer to that question is contained in this group of over 300 items in which we list both our 1942 and 1943 prices as of May 8th.

Safeway realizes the disastrous results of inflation during war time and has done everything possible to hold food prices down. We believe this comparison is evidence of that fact.

The totals of all 1942 and 1943 prices in this list are as follows:
 May 8, 1943, Total \$69.64
 Today's Prices, Total 69.10
 Difference 54c

The items in this list, therefore, reflect a decrease of approximately eight-tenths of one percent this year from last year's prices as of May 8th, 1942, and still on May 8th, 1943.

MEATS

| Item | Today | May 8, 1942 |
|-------------------------|-------|-------------|
| (12) Phoebe Steak | 41c | 43c |
| (11) Sirloin Steak | 40c | 41c |
| (12) Round Steak | 40c | 39c |
| (7) Rib Roast | 37c | 37c |
| (8) Ground Beef | 37c | 27c |
| (1) Chuck Roast | 27c | 29c |
| (1) Loin Veal Chops | 40c | 23c |
| (8) Rib Veal Chops | 30c | 41c |
| (8) Skirt Veal Chops | 33c | 41c |
| (1) Veal Cutlets | 42c | 29c |
| (8) Breast of Veal | 20c | 47c |
| (8) Veal Liver | 72c | 13c |
| (8) Lamb Chops | 35c | 69c |
| (8) Lamb Chops | 35c | 59c |
| (8) Leg of Lamb | 37c | 43c |
| (8) Lamb Chop | 26c | 43c |
| (8) Lamb Chop | 26c | 35c |
| (8) Center Park Chops | 26c | 33c |
| (8) Loin End Park Chops | 21c | 25c |
| (8) Park Loin | 27c | 41c |
| (8) Frank Ham | 32c | 36c |
| (8) Spareribs | 22c | 39c |
| (8) Ham | 27c | 26c |
| (8) Stewed Bacon | 20c | 46c |
| (8) Regular Ham | 31c | 37c |
| (8) Bologna | 37c | 37c |
| (8) Sausage Meat | 37c | 40c |
| (8) Sausage Links | 41c | 35c |
| (8) Thinless Frank | 40c | 43c |
| (8) Frying Chicken | 40c | 43c |

SOAPS—CLEANERS

| Item | Today | May 8, 1942 |
|------------------------|-------|-------------|
| Teal Soap | 8c | 8c |
| Black Lily | 8c | 8c |
| Sandiflow | 18c | 18c |
| Stalk | 18c | 18c |
| Palmolive Soap | 25c | 25c |
| Veary Soap | 17c | 17c |
| Veary Soap | 17c | 17c |
| Jeonveth Soap | 7c | 7c |
| Sever Liquid Bleach | 20c | 20c |
| Libby's Soap | 25c | 25c |
| Seas Soap | 17c | 17c |
| Lux Toilet Soap | 25c | 25c |
| Old Quik Cleaner | 14c | 14c |
| Sandiflow Cleaner | 10c | 10c |
| Talk | 10c | 10c |
| Fels-Naptha Soap | 20c | 20c |
| Stagle Dine | 9c | 9c |
| See-Aid | 10c | 10c |
| See-Aid Powder | 10c | 10c |
| White Tooth Paste | 23c | 23c |
| Barbasol | 12c | 12c |
| Yarn Cleaning Fluid | 25c | 25c |
| Hand-Sanitizer | 21c | 21c |
| Drone | 18c | 18c |
| Sanary Soap | 25c | 25c |
| Lava Soap | 17c | 17c |
| Orange Soap | 13c | 13c |
| Washday's Facial Soap | 23c | 23c |
| Washday's Shampoo Soap | 27c | 27c |
| Phish | 19c | 19c |

PATS—EGGS

| Item | Today | May 8, 1942 |
|----------------|-------|-------------|
| (8) Shortening | 10c | 9c |
| (8) Shortening | 24c | 24c |
| (8) Shortening | 6c | 6c |
| (8) Margarine | 23c | 23c |
| (8) Olive Oil | 45c | 45c |
| (8) Salad Oil | 27c | 27c |

CANNED MEATS

| Item | Today | May 8, 1942 |
|------------|-------|-------------|
| Spiced Ham | 21c | 21c |
| Spiced Ham | 29c | 29c |
| Spiced Ham | 49c | 49c |
| Spiced Ham | 14c | 14c |
| Spiced Ham | 7c | 7c |
| Spiced Ham | 19c | 19c |

COFFEE

| Item | Today | May 8, 1942 |
|-----------------|-------|-------------|
| Kirway | 41c | 41c |
| Winkles | 29c | 29c |
| Oriska | 26c | 29c |
| Sanka | 35c | 35c |
| Edwards | 26c | 26c |
| Nok Hill | 24c | 24c |
| Chase & Sanborn | 20c | 20c |

BAKING POWDER

| Item | Today | May 8, 1942 |
|--------------|-------|-------------|
| Royal | 22c | 22c |
| Royal | 40c | 40c |
| Rumford | 21c | 21c |
| Rumford | 45c | 45c |
| Calumet | 13c | 13c |
| Calumet | 8c | 8c |
| Calumet | 16c | 16c |
| Clabber Girl | 8c | 8c |
| Clabber Girl | 21c | 21c |
| Health Club | 8c | 8c |

HOUSEHOLD NEEDS

| Item | Today | May 8, 1942 |
|---------------------|-------|-------------|
| Derbal | 20c | 20c |
| Glass Starch | 7c | 7c |
| Light Starch | 9c | 9c |
| Tallit Bowl Brushes | 25c | 25c |
| Selma | 10c | 10c |
| Sandwich Bags | 10c | 10c |
| Colored Cordline | 15c | 15c |
| Small Sandles | 10c | 10c |
| Teatights | 8c | 8c |
| Iron Wire | 8c | 8c |
| Jar Rubbers | 13c | 13c |
| Windex | 12c | 12c |

SOFT DRINKS

| Item | Today | May 8, 1942 |
|------------------|-------|-------------|
| Rock Creek | 25c | 25c |
| Rock Creek | 25c | 25c |
| Rock Creek Mixer | 25c | 25c |
| Tru Ade | 25c | 25c |
| White Root | 45c | 45c |

CANNED JUICES

| Item | Today | May 8, 1942 |
|-------------------|-------|-------------|
| (1) Tomato Juice | 7c | 7c |
| (8) Tomato Juice | 24c | 24c |
| (8) Tomato Juice | 42c | 42c |
| (1) Tomato | 14c | 14c |
| (1) Veg. Cocktail | 18c | 18c |
| (1) Grapefruit | 26c | 26c |
| (1) Pineapple | 29c | 29c |
| (1) Fruit Juice | 29c | 29c |
| (1) Juice | 14c | 14c |

SOUPS

| Item | Today | May 8, 1942 |
|-----------------|-------|-------------|
| (8) Soups | 25c | 25c |
| (7) Veg. Soup | 19c | 19c |
| (8) Veg. Soup | 33c | 33c |
| (8) Veg-Soup | 14c | 14c |
| (8) Tomato Soup | 11c | 11c |
| (8) Chicken | 27c | 27c |
| (8) Veg. Soup | 23c | 23c |
| (8) Soups | 23c | 23c |
| (8) Chicken | 29c | 29c |
| (8) Soups | 28c | 28c |
| (8) Vegetables | 23c | 23c |
| (8) Chicken | 28c | 28c |

PEANUT BUTTER

| Item | Today | May 8, 1942 |
|-------------|-------|-------------|
| Severy | 34c | 34c |
| Severy | 43c | 43c |
| Real Peanut | 25c | 25c |
| Real Peanut | 47c | 47c |

SPICES—EXTRACTS

| Item | Today | May 8, 1942 |
|-----------------|-------|-------------|
| Vanilla Extract | 61c | 62c |
| Vanilla Extract | 31c | 33c |
| Vanilla Extract | 18c | 17c |
| Vanilla Extract | 21c | 31c |
| Vanilla Extract | 18c | 18c |
| Dry Mustard | 9c | 9c |
| Dry Mustard | 25c | 25c |
| Red Pepper | 7c | 8c |
| Ground Allspice | 9c | 9c |
| Ground Cloves | 7c | 7c |
| Ground Ginger | 7c | 7c |
| Ground Paprika | 10c | 10c |
| Ground Tartar | 10c | 10c |
| Ground Nutmeg | 15c | 15c |
| Ground Sassa | 8c | 8c |
| Spice Powder | 25c | 25c |
| Spice Powder | 7c | 7c |
| Peppery | 10c | 10c |
| Peppery | 8c | 8c |
| Peppery | 9c | 9c |
| White Thyme | 6c | 6c |
| White Cloves | 7c | 7c |
| Mustard Seed | 9c | 9c |
| Selery Salt | 14c | 14c |
| Pickling Spice | 6c | 6c |
| Bay Leaves | 10c | 10c |

EASY FOODS

| Item | Today | May 8, 1942 |
|--------------|-------|-------------|
| (1) Barber's | 19c | 19c |
| (1) Barber's | 19c | 19c |
| (1) Clapp's | 21c | 21c |
| (1) Clapp's | 25c | 25c |
| (8) Pabst's | 17c | 17c |
| (8) Barber's | 26c | 26c |
| (8) Barber's | 26c | 26c |
| (8) Clapp's | 13c | 13c |
| (8) Clapp's | 19c | 19c |

SAUCES

| Item | Today | May 8, 1942 |
|----------------------|-------|-------------|
| (8) Chili Sauce | 10c | 17c |
| (1) Spaghetti | 10c | 12c |
| (8) Tabasco | 19c | 19c |
| (8) Duke's | 27c | 29c |
| (8) L. & P. Sauce | 27c | 28c |
| (8) Tabasco | 35c | 35c |
| (8) Kitchen Bouquet | 41c | 37c |
| (8) Worcestershire | 14c | 12c |
| (8) Bolter's Mustard | 11c | 11c |
| (8) French's Mustard | 7c | 7c |
| (8) French's Mustard | 11c | 11c |
| (8) Horseradish | 8c | 8c |
| (8) Tomato Sauce | 21c | 21c |
| (8) Ketchup | 21c | 21c |
| (8) Ketchup | 19c | 19c |
| (8) Ketchup | 19c | 19c |
| (8) Ketchup | 17c | 17c |

CANNED MILK

| Item | Today | May 8, 1942 |
|-------------------|-------|-------------|
| (1) Eagle Brand | 10c | 16c |
| (1) Chock | 17c | 17c |
| (1) Land of Lakes | 30c | 29c |
| (1) Barber's | 29c | 29c |
| (1) Pat | 29c | 29c |
| (1) Carnation | 29c | 29c |

POLISHES

| Item | Today | May 8, 1942 |
|---------------|-------|-------------|
| Red Polish | 9c | 9c |
| Silver Polish | 17c | 17c |
| Hard Polish | 15c | 15c |
| Hard Polish | 23c | 23c |
| Shoe Polish | 15c | 15c |
| Liquid Wax | 19c | 19c |
| Oil Wax | 19c | 19c |
| Polish Wax | 19c | 19c |

CEREALS

| Item | Today | May 8, 1942 |
|----------------------|-------|-------------|
| Cream of Wheat | 22c | 24c |
| Post Toasties | 20c | 20c |
| Gran Flakes | 20c | 20c |
| Kallogg's Cornflakes | 21c | 21c |
| Wheatena | 22c | 22c |
| Ralston Flakes | 20c | 20c |
| Ralston Hi Krip | 22c | 22c |
| Puffed Rice | 11c | 11c |
| Puffed Wheat | 9c | 9c |
| Golden Oats | 10c | 10c |
| Morning Glory Oats | 9c | 9c |
| Golden Oats | 22c | 22c |
| Morning Glory Oats | 10c | 10c |
| Golden Oats | 20c | 20c |
| Golden Oats | 10c | 10c |

DESSERTS

| Item | Today | May 8, 1942 |
|----------------|-------|-------------|
| Knee Gaiter | 17c | 17c |
| Jenket Powder | 24c | 25c |
| Jenket Tablets | 11c | 12c |

CANDIES—SWEETENERS

| Item | Today | May 8, 1942 |
|-----------------------------|-------|-------------|
| Mellin's Food | 14c | 15c |
| Vanilla Cream Cookies | 19c | 19c |
| Fruit & Nut Cookies | 19c | 19c |
| Soda Crackers | 17c | 17c |
| K. B. & B. Rice Crackers | 21c | 21c |
| K. B. & B. Graham Crackers | 20c | 19c |
| K. B. & B. Premium Crackers | 19c | 19c |
| Sunkist's Crispy Crackers | 21c | 21c |
| Sunkist's Hi Cr Crackers | 21c | 21c |

BREAD

| Item | Today | May 8, 1942 |
|------------------------|-------|-------------|
| Jella Lee Wright Bread | 8c | 8c |
| Junco Bread | 7c | 7c |
| A. L. W. Pan Rolls | 10c | 10c |

PET FOODS

| Item | Today | May 8, 1942 |
|-----------|-------|-------------|
| Dog Food | 21c | 22c |
| Dog Food | 22c | 22c |
| Dog Food | 24c | 24c |
| Bird Seed | 11c | 11c |
| Dog Food | 24c | 25c |

TEA

| Item | Today | May 8, 1942 |
|----------------|-------|-------------|
| Black Tea | 17c | 17c |
| McDonald's Tea | 25c | 25c |
| Lipton's Tea | 25c | 25c |

FLOURS

| Item | Today | May 8, 1942 |
|--------------|-------|-------------|
| Gold Medal | 14c | 14c |
| Gold Medal | 31c | 31c |
| Golden Draft | 13c | 13c |
| Golden Draft | 20c | 20c |
| Pittsburg | 10c | 10c |
| Washington | 20c | 20c |
| Washington | 10c | 10c |
| Washington | 20c | 20c |

PREPARED FOODS

| Item | Today | May 8, 1942 |
|--------------|-------|-------------|
| Female Flour | 17c | 17c |
| Female Flour | 17c | 17c |
| Female Flour | 17c | 17c |
| Female Flour | 17c | 17c |
| Female Flour | 17c | 17c |

DRIED FRUIT

| Item | Today | May 8, 1942 |
|----------------|-------|-------------|
| Cooking Apples | 25c | 25c |
| Apples | 10c | 10c |

MILK—BUTTER—EGGS

| Item | Today | May 8, 1942 |
|-----------|-------|-------------|
| (8) Lanes | 22c | 22c |
| (8) Lanes | 22c | 22c |
| (8) Lanes | 22c | 22c |
| (8) Lanes | 22c | 22c |
| (8) Lanes | 22c | 22c |
| (8) Lanes | 22c | 22c |
| (8) Lanes | 22c | 22c |
| (8) Lanes | 22c | 22c |
| (8) Lanes | 22c | 22c |
| (8) Lanes | 22c | 22c |

FRESH PRODUCE

| Item | Today | May 8, 1942 |
|------------------|-------|-------------|
| Apples | 10c | 10c |
| Green Beans | 10c | 10c |
| Saukage | 10c | 10c |
| String Beans | 10c | 10c |
| Kale | 10c | 10c |
| Leafy Lettuce | 10c | 10c |
| Fresh Peas | 10c | 10c |
| Radishes | 10c | 10c |
| Fresh Spinach | 10c | 10c |
| Firm Tomatoes | 10c | 10c |
| Brussels Sprouts | 10c | 10c |
| Lettuce | 10c | 10c |
| Onions | 10c | 10c |

CANDIES—SWEETENERS

| Item | Today | May 8, 1942 |
|---------------|-------|-------------|
| (8) Sweetener | 10c | 10c |
| (8) Sweetener | 10c | 10c |
| (8) Sweetener | 10c | 10c |
| (8) Sweetener | 10c | 10c |
| (8) Sweetener | 10c | 10c |
| (8) Sweetener | 10c | 10c |
| (8) Sweetener | 10c | 10c |
| (8) Sweetener | 10c | 10c |
| (8) Sweetener | 10c | 10c |
| (8) Sweetener | 10c | 10c |

CANDIES—SWEETENERS

| Item | Today | May 8, 1942 |
|-----------|-------|-------------|
| Dorothy's | 10c | 10c |
| Dorothy's | 10c | 10c |
| Dorothy's | 10c | 10c |
| Dorothy's | 10c | 10c |

CANNED FRUITS

| Item | Today | May 8, 1942 |
|-----------------|-------|-------------|
| (12) Pie Apples | 20c | 20c |
| (12) Pineapple | 20c | 20c |
| (12) Applesauce | 20c | 20c |
| (12) Peaches | 20c | 20c |

CANNED VEGETABLES

| Item | Today | May 8, 1942 |
|-------------|-------|-------------|
| Wax Beans | 10c | 10c |
| Green Beans | 10c | 10c |
| Green Beans | 10c | 10c |

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Date
May 9, 1944

TO Secretary Morgenthau

FROM Fred Smith *RS*

Re: Safeway Advertisements on Cost of Groceries

I think the best way of starting something with this would be to have Wright Patman use it as a practical example of what price control has been able to do. This is one of Patman's hobbies, so he would probably be glad to do it. The publicity resulting from this would probably force other stores into line.

I am working with Joe O'Connell to see what can be done in this direction.

May 9, 1944
10:10 a.m.

CONFERENCE WITH NATIONAL ALCOHOLIC BEVERAGE
CONTROL ASSOCIATION

- Present: Mr. O'Connell
- Mr. Smith
- Mr. Gaston
- Mr. Berkshire
- Mr. Ireys
- Mr. Nunan
- Mr. Jones
- Mr. Ray
- Mr. Fisher
- Mr. Sebrell
- Mr. Law

H.M.JR: Is there one that is the spokesman?

MR. LAW: Mr. Secretary, we represent the monopoly States. There is an Association of fourteen of them, and at our meeting in New York we passed a resolution regarding this present shortage.

They have appointed a committee and it is represented by Mr. Fisher of Ohio, Dr. Ray, Chairman - he is the Chairman of the Alcohol Control Commission - and John Sebrell, Chairman of the Virginia Control Commission; I am the Secretary of the Association.

I have a copy of the resolution here, and I would like to present it to you. (Hands the Secretary attached resolution)

H.M.JR: May I read it aloud?

MR. LAW: If you will.

(The Secretary reads the resolution aloud)

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H.M.JR: There is nothing I can do about getting more liquor distilled, if that is the purpose of the resolution.

MR. LAW: We appreciate that, sir.

MR. SEBRELL: We thought you might be interested in getting a little bit more revenue.

H.M.JR: We are, but I don't know whether you gentlemen have seen Mr. Donald Nelson or not - have you?

MR. SEBRELL: Yes, we have.

H.M.JR: Then he has given you the answer as to the alcohol. I think everybody agrees that the need of the War Department and Navy come first.

MR. SEBRELL: We, of course, understand that. We wouldn't ask for anything that would jeopardize in any way the war activity.

H.M.JR: And I think Mr. Nelson's position is a very reasonable one, and that just as soon as he can be sure that he has enough alcohol so that the war program won't be endangered, he is willing to release some of the manufacturing facilities. That is as I understand it. That is what he has been saying. He has testified here. I think that we have all got to be patient. The Treasury, plus all the other State authorities, have to do all they can to enforce.

It isn't like the bootlegging days - I mean, it is quite different - but we, here, are very much aware of the thing. We are very anxious that Prohibition doesn't return. I think it was one of the worst errors this country went through.

I would like to see more liquor, and I would like to see it as soon as possible, but I think we have to take care of the war first. That is very briefly the situation.

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I am in touch constantly with Mr. Nelson; I realize what his situation is.

MR. LAW: We saw him yesterday and he explained his position to us, which, of course, we understood.

H.M.JR: Let me ask the Commissioner of Internal Revenue: Is there anything that these States can do to help you enforce?

MR. NUNAN: I think they are cooperating now with Mr. Berkshire very well, and I think our force is cooperating with the States very well. I don't think there is any criticism of that at all.

MR. SEBRELL: There is none so far as the State of Virginia is concerned. We have splendid cooperation between the representatives of the Federal Government and our own enforcement officers. They are doing a wonderful job, but they are meeting constantly an increasing difficulty which, if it gets loose from us, both the Federal Government and our own State Government will be helpless to handle it. That is the situation that we are faced with now, and that is what we fear; that we are going to have all of the evils come back which followed in the wake of Prohibition.

H.M.JR: Gentlemen, I am in complete sympathy with you. I have done everything I can behind the scenes to get more alcohol produced. I have done everything that I can, possibly, to put the pressure on them, up to the point that I feel it is going to hurt the war effort. At that point I stop.

MR. SEBRELL: We are with you now.

H.M.JR: Now, they haven't got too much alcohol. They can't take the risk of beginning to release some now. I mean, the fighting is about to begin; the war is just about to begin, on the ground, and I don't think anybody knows what is going to happen, I am sure they don't. And until they do know, I think they have just got to play safe.

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I know, General Somervell said to me - it wasn't in connection with this - he said, "I would much rather have fifty percent too much and be damned for it, than to have fifty percent too little. I am going to have fifty percent too much, and I am willing to take the responsibility." That is what they have done. I think he is right.

I am sure everybody in the room has somebody close to him who is in this terrible war. And that is what it gets down to. So all I can assure you, gentlemen, is that I am doing everything I can up to the point that I feel it is going to hurt the war effort, and there I stop. So we are watching it. We will keep in touch with Mr. Nelson; we will keep in touch with the distillers; we will try to do the best we can with the bootleggers, and distributors, and wholesalers, and so forth. We will put a lot of them in jail before we get through this year, and there you are.

MR. JONES: Mr. Secretary - if I might inject - I am not one of the Commissioners, but I think these gentlemen realize very well your position in the matter; they have the same interest, identically, as you have. And I think they were here more to show their interest and reenforce your hand, than anything else.

They know you have the social problem as they have, and the tax problem as they have.

H.M.JR: If you don't mind, that resolution doesn't say that.

MR. JONES: No, the resolution doesn't.

MR. SEBRELL: Doesn't say what, Mr. Secretary?

H.M.JR: Doesn't say what this gentleman said.

MR. SEBRELL: The resolution - we represent, you see, the States; we don't represent the distillers. And we are interested in the enforcement of the law.

- 5 -

we are interested in the same thing that you are interested in. We represent the Government, just as you do. And that is the purpose of that resolution, to bring to you, and the other persons who are interested, the attitude of the representatives of State Governments in the administration of the law.

H.A.JR: Well, I sort of got the impression from reading this resolution that this Association was sort of trying - to use the vernacular - to put the heat on us. We are trying so hard that there isn't much more that we can do.

MR. NUNAN: Wasn't that the purpose of the resolution, to ask us to try and release more alcohol?

MR. SEBRELL: That is all we have done, to give them an opportunity to meet this condition. That is all the resolution is. If it is consistent with the war purposes; that comes first with all of the State Governments, just as it is with the officials of the Federal Government. It is the war first, and then along with it we think that those things which are necessary to do to keep the home front going and have our people satisfied to meet the conditions here of law and order, that we have to do that if it is consistent with the effort we are putting forward in the war.

These representatives of the Monopoly States who are representatives of the Government had that view and they wanted to let the officials here know just how the State officials felt, if it is possible to do so, and to ask for some kind of a recess by which the distillers could increase their supply and prevent the recurrence of Prohibition, without Prohibition.

MR. NUNAN: Mr. Secretary, I think you are a little too modest with these gentlemen. I think you ought to tell them that you have had Mr. Berkshire and myself over here at least on two or three different occasions, and met with various groups - distillers, members of the Department of Justice, members of the Federal Economic

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Administration, and everybody concerned. The Secretary has had us at meetings on several occasions and tried to find ways and means of raising more alcohol, and we come up against the same proposition all the time, that it is the war effort that stops it.

As far as I am concerned, I don't think there is anybody more interested in releasing alcohol as soon as it can be released for distilling purposes, than the Secretary of the Treasury.

MR. LAW: We appreciate that. We would like the Secretary to know we are behind you in your views.

H.M.JR: That is fine. We are all together.

National Alcoholic Beverage Control Association . . .

LA SALLE-WACKER BLDG. • 221 NORTH LA SALLE STREET • CHICAGO, 1, ILLINOIS

Telephone
FRANKLIN 4773

The following resolution was adopted unanimously by the National Alcoholic Beverage Control Association at its Convention held in New York on April 18 and 19, 1944:

WHEREAS, the cessation of the manufacture of distilled spirits for beverage purposes since October 1942 is creating a condition of illegal and obnoxious practices, such as black markets, bootlegging, hijacking, racketeering, gangsterism, and the illegal manufacture and distribution of alcoholic liquors which menace the public health and public welfare, and

WHEREAS, such conditions are impeding and threatening the orderly and proper administration of the system of alcoholic beverage control by the various State Commissions charged with that important duty;

NOW, THEREFORE, the National Alcoholic Beverage Control Association in a convention assembled in the City of New York on April 19, 1944, most respectfully and earnestly petition the Government, if consistent with the war requirements, to grant a reasonable opportunity for the distillation of spirits for beverage purposes;

RESOLVED FURTHER, that the President of this Association appoint a committee of members of the Association to present this petition and make appropriate appeal for necessary relief to the proper authorities in Washington.

MEMBER STATES—ALABAMA, IDAHO, IOWA, MAINE, MICHIGAN, MONTANA, NEW HAMPSHIRE, OHIO, OREGON, UTAH, VIRGINIA, WASHINGTON, WEST VIRGINIA, WYOMING

May 9, 1944
10:27 a.m.

24

HMJr: Tell Mr. Gamble that I am counting on him this afternoon when we see Mr. Eugene Meyer....

Mr. Gamble's
Secretary: I certainly will.

HMJr:to analyze those -- there's either two or three critical editorials, you see?

S: Uh huh.

HMJr: I want Mr. Gamble to start the meeting and to point out where those two or three editorials that run in the Washington Post were unfair.

S: Yes, sir.

HMJr: I mean, I expect him to do that right at the beginning and then I'll take it up from there.

S: All right, sir, and I'll tell him.

HMJr: And thank you.

S: You're welcome.

May 9, 1944
10:35 a.m.

FRENCH CURRENCY STABILIZATION

Present: Mr. White
Mr. Luxford

MR. WHITE: Well, we have Mendes-France and Monnet in there now on the final draft of a letter. They wanted certain paragraphs added. They got through with McCloy too late yesterday, so they have come in this morning. I think that you will be satisfied with the letter. They wanted to submit to you the request that the draft of the letter--that he be given permission to cable the draft of the letter and get his committee's approval as well as his own.

(The Secretary holds a telephone conversation with Mr. Acheson, as follows:)

Hand by White & Lufford 10/4/44
May 9, 1944
10:37 a.m.

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HMJr: Hello.

Dean
Acheson: Henry.

HMJr: Good morning.

A: I should have called you back yesterday but I got sent off in the afternoon and didn't get back here until late. There are two things. You will get, in due course, a copy of a telegram from London which says -- part of it is about how glad they -- he is that the President is well and back again, and then he says, "Please let Secretary Morgenthau know that the discussion in relation to the monetary fund which was scheduled for last Friday...."

HMJr: Yes.

A:has fixed the Government's position in support of the debate which will take place in the Commons this Wednesday."

HMJr: Now, I don't -- I'm sorry, Dean. In the first place I didn't get who this is from.

A: This is from Winant.

HMJr: Winant -- and what does he say?

A: He wants to let you know that the discussion with the Dominion Prime Ministers....

HMJr: Yes.

A:which took place last Friday....

HMJr: Yes.

A:has fixed the Government's position in support of the monetary fund....

HMJr: Oh.

A:principles which will come up tomorrow in the House.

HMJr: Good.

A: So that that went very well.

- 2 -

HMJr: Good.

A: Now -- news not so good. We got yesterday a telegram -- the Secretary did -- from B. A.

HMJr: Yes.

A:in which he says that he cannot recommend that we do that at the present time because he thinks it would be unwise and dangerous to take such a step until our over-all policy toward the country has been definitely determined.

HMJr: Uh huh.

A: And if the Chiefs of Staff -- the idea is that if they will not let you go all the way through on this thing, he thinks it's dangerous to start at all. Now, we're going to have -- this came personal for the Secretary.

HMJr: Yes.

A: I've asked him to call us in this morning....

HMJr: Yes.

A:and see what we do and I think after that he will probably want to get in touch with you and have a talk with you.

HMJr: Well, now, I'm going to leave here at twelve o'clock tomorrow to be gone for a couple of days.

A: Yes.

HMJr: So, if there's anything going to happen on this thing, we'd better get together the very first thing tomorrow morning.

A: Well, I'll tell him that and I've been trying to get in myself all yesterday afternoon and this morning.

HMJr: Yes.

A: But he's been tied up.

HMJr: Well, I find these nine-thirty appointments, when I get them over there, are good.

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A: Yeah. All right, sir.

HMJr: Are you going to let me see a copy of that cable?

A: I'll ask him -- I'll ask him if I can. It's for him personally so I'll have to get his permission.

HMJr: You ask him.

A: Yeah.

HMJr: And did -- I've forgotten the text of the cable -- did we tell Armour that -- about the Chiefs of Staff's position?

A: No. No, he didn't refer to the Chiefs but he refers to our policy.

HMJr: Oh.

A: Whether we can go all the way through or not. I'll ask the "Sec" if I can't get this paraphrased and sent over to you.

HMJr: Well, of course, that's Armour's view -- I don't -- of course, in January he was all for this.

A: Yes, he refers to that and says the situation, he thinks, is different now.

HMJr: Yeah, it's worse.

A: Worse?

HMJr: (Laughs) That's right.

A: That's right.

HMJr: Yeah. Well, I -- I do hope that Mr. Hull will go through with it because, as I say, I haven't changed. I don't care what these other people say. I still think we should freeze and with all due respect for the Army, every time they've gotten in on a political situation, they've proved to have been wrong.

A: Well, you'd think they would.

HMJr: Their record so far on politics is 100% wrong.

A: Yes.

HMJr: They were wrong as proven in Africa. They've been wrong in Italy and I don't know what they're going to do yet about the Free French. That's yet to be seen.

A: Yeah.

HMJr: But I don't think the Army's record -- I just think it's been about 100% wrong from -- proven so, during the period of the last two years, so when they speak on the political thing it doesn't influence me very much. Well, see what you can do, Dean, will you?

A: Yeah.

HMJr: I do hope Mr. Hull's going to go through with this.

A: I will. And I'll keep you informed. I'm going to see you tonight for dinner.

HMJr: That's right.

A: Fine.

HMJr: I think it will be pleasant. I mean, this Mendes France is a very charming, very intelligent fellow and in addition to that, we've got Craig McGeachy whom I think you know....

A: Yes, I know and like her.

HMJr:who always peps up a party.

A: Fine.

HMJr: All right.

A: First rate.

HMJr: Thank you.

A: Good bye.

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H.M.JR: The Ministers of the Dominion have met and acted favorably on a monetary conference and will back the debate tomorrow in Parliament.

Well, for God's sake, show some life, will you, Harry?

MR. WHITE: I am trying to think of the significance of that.

H.M.JR: They are for it. The Government and the Dominions are together. In other words, the United Kingdom has met in a war cabinet to decide to back the debate tomorrow.

MR. WHITE: You mean whether or not they will come they will wait until after tomorrow's debate.

H.M.JR: I suppose so.

MR. WHITE: I expected they would back it, yes.

H.M.JR: I didn't know.

MR. WHITE: Did you see the editorial in this morning's Post?

H.M.JR: Yes.

Now, wait a second. I will let you people read that on the Argentine thing. Armour "no likee."

MR. LUXFORD: I understand most of the boys in State are very much opposed to it, too.

H.M.JR: Sure, you heard what I said about the Army.

MR. WHITE: He said the Army opposed it.

H.M.JR: He said something about the Chiefs-of-Staff. It wasn't too clear.

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I said, "History has shown that the Chiefs-of-Staff on all political questions have been a hundred percent wrong, which is true. If somebody wanted to write it up--

MR. WHITE: You remember--if you go back a ways, the President told you to follow the Argentine situation. You don't think the time is either appropriate or propitious to take it up with him?

H.M.JR: Well, when this thing comes to a head and is unfavorable, then I am going to write a letter to the President, send a copy to Mr. Hull, and say, "This is why I think the thing should be frozen," and I am going to lay it right in the President's lap and Mr. Hull's.

MR. WHITE: You don't think that moment has come by virtue of his telling you they have turned it down.

H.M.JR: Oh, no, he has to meet with Hull.

MR. LUXFORD: Are you going to be at that meeting, Mr. Secretary?

H.M.JR: No, but he said he thought that after this cable Mr. Hull would want to see me. So then I told him I was leaving it. You heard that. I couldn't be any more forceful, could I?

MR. LUXFORD: No. I think we ought to be a little bit happy about that stabilization fund.

MR. WHITE: Oh, yes. I was thinking of it in terms of Winant's having told us that he would let us know ahead of time.

H.M.JR: This is a cable from Winant which is enroute to us now. He is giving me the gist of it. This is a cable from Winant.

MR. WHITE: Did he say in there that he hopes to let you know right after the debate?

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H.M.JR: Well--

MR. WHITE: On this matter--this is a matter which is of very considerable importance to them, and he feels that he wants to submit it to his Comite'. It seems to us that is a reasonable request.

MR. LUXFORD: He is speaking for the Comite' in making this commitment.

MR. WHITE: The letter is drawn.

Now, I think before he comes in--this will be about the basis of it: The paragraph which is going to be added will be one in which they stress the necessity for the consummation of an international agency or an international accord to help them determine the final rate, and they are hoping that it will be done urgently. That is the paragraph they would like to add, which really doesn't interfere with the thing.

H.M.JR: You know all of it, and I don't know what you are talking about.

MR. WHITE: All right, this is the meat of the letter that he is going to write.

H.M.JR: That he wants to send back to them?

MR. WHITE: Yes, there will be some changes made. It will come in with the final copy at eleven o'clock.

(Mr. White hands the Secretary "Draft of letter from M. Mendes-France to the Secretary of the Treasury," attached.)

H.M.JR: This sounds all right.

MR. WHITE: That is as we had drawn it. I say they will want to make some changes which are being typed now.

H.M.JR: Now, can I say to them today, "O.K., two hundred francs to the dollar"? Have you cleared that with Army and Navy?

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MR. WHITE: We have done that with the British. But they are going to pick the rate of two hundred to the pound, which will be an odd number to the dollar, because the pound rate is four hundred three and a half. It is two hundred to the dollar, so the President still won't have an even dollar. It will be about two hundred to the pound, so it will be about forty-nine point five to the dollar. It will be slightly more than two cents, very little more, a fraction.

H.M.JR: It can't be.

MR. LUXFORD: Two cents apiece.

H.M.JR: And how many francs to the dollar?

MR. WHITE: It will be forty-nine point five something.

H.M.JR: Why can't they make it fifty?

MR. WHITE: Then they will have to make it an odd number.

H.M.JR: Let them do that.

MR. WHITE: It is a major issue between England and France, and it is more reasonable to expect them to have it make an even number with the pound, because their contacts are closer.

Now, we have tried to come to this understanding with the British, that if the French pick the even number to the pound, we will have an even number with the lira, and England will have to take the odd number, because we have to change the lira.

H.M.JR: Why?

MR. WHITE: Because it has fifty to the dollar, and two hundred to the pound. Now, that is all right so long as there isn't much business.

H.M.JR: It is four hundred three. What would it be?

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MR. WHITE: Two hundred five or something like that.

H.M.JR: It wouldn't be that much. Oh, yes.

MR. WHITE: Now, there is one further point with respect to that.

H.M.JR: Wait a minute. Can I say this to them now, all right?

MR. WHITE: Yes.

Now, when they make their final adjustment, that is the time they say that if there is an odd cross-rate, I said we would expect, and they said they would like to make it an even rate with the dollar, if there is an odd cross-rate. But temporarily--

H.M.JR: The President wanted, I am convinced, to do something as a gesture for the French. This was the easiest way to do it. He needed an excuse, so he says he doesn't like an odd rate. What the hell?

MR. WHITE: We can't have an even rate unless England adopts an even rate. The reason I am not pushing them too far on that, Mr. Secretary, is, we expect the pound sterling will be an even rate with the dollar when any final adjustment is made, that they will go to four dollars. I think that is what they have in mind.

H.M.JR: Harry, I tell you, these things loom like mountains to these particular people. To us they are so God damned unimportant, because they won't accept the thing anyway. I have been all through this thing with France. They won't keep it; England won't keep her rate and all the rest of it.

MR. WHITE: France won't keep her rate; of that you can be very certain.

H.M.JR: Not with her internal debt, unless she takes all her money away.

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MR. WHITE: Her internal debt is not so bad, no. She will be able to handle that. And she is starting with a sort of clean external debt, except for what she piles up from now on. She hasn't many assets, but they won't keep it.

H.M.JR: I don't care. I want to get the thing settled. Let's get on with the war.

MR. WHITE: If the President raises the question as to why we can't have an even rate, I think you should say it is impossible.

H.M.JR: I will try to laugh him out of it.

MR. WHITE: The Army isn't going to like it, but England is standing her ground.

H.M.JR: You don't want me to fight on this ground, do you?

MR. WHITE: No, because we don't have a strong case. There is no question but that France's monetary arrangements are closer with sterling than they are with the dollar.

H.M.JR: Now, what do you want to do?

MR. WHITE: They are coming in with the final copy. They are supposed to be here at eleven o'clock. It is being drafted now, and we will come in with them.

Draft of letter from H. Mendes-France
to the Secretary of the Treasury

My dear Mr. Secretary:

I explained to you the difficulties confronting the National Committee of Liberation in attempting to determine at this time, with any degree of certainty, the appropriate rate of exchange for continental France. In view of these difficulties the Comité had decided that it would make no attempt to fix a permanent rate until after the liberation of France, when it would be possible to approach the problem with a more complete knowledge of the relevant facts; and when, while the final decision on the rate of exchange ^{value of the franc} remains essentially a national matter, it is hoped that an appropriate international organization or international accord will provide the proper setting ^{or} framework within which final adjustment can be successfully undertaken. Therefore, the Comité had determined to extend the North African rate of exchange to continental France as a provisional measure upon the Allied landing in France.

In view of the necessity to move as rapidly as possible from a transitional to a stable economy and in view of the importance that an international organization or accord would play in making this possible, it is strongly urged that such

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international organization or accord be consummated in the briefest possible time.

This will confirm my statement to you that, in view of the provisional character of the initial dollar-franc rate of exchange for continental Europe, the Comité wishes to make clear to you its intention that in any over-all financial settlement between France and the United States the expenses of the United States in continental France prior to the establishment of a permanent rate should not be computed in terms of the present North African rate. Rather it is the intention of the Comité that the United States should be accorded an equitable adjustment for such expenses in the light of the permanent rate of exchange established after the liberation of continental France.

Very truly yours,

May 9, 1944
11:10 a.m.

CONFERENCE WITH FRENCH AMBASSADORS

Present: Mr. White
Mr. Luxford
Mr. Monnet
Mr. Mendes-France

H.M.JR: Good morning. I am glad I could get you gentlemen for tonight.

MR. MONNET: Thank you very much.

H.M.JR: Of course, you know Mr. Acheson and his wife are coming - Dean Acheson; and if you didn't know, Miss Craig McGeachy from UNRRA. I thought you might like to meet her because she is so in touch with the French Underground. Did you know that?

MR. MONNET: Yes, I do.

H.M.JR: But she is very close with them. She is sympathetic with you people, isn't she?

MR. MONNET: Yes, very much so. Everybody is sympathetic, for that matter; they may have different views.

H.M.JR: The Minister can talk before her, can he not?

MR. MONNET: Yes, yes.

MR. MENDES-FRANCE: I think I can give you tomorrow the text. You were asking yesterday.

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MR. MONNET: About the ordnance that has been prepared.

MR. MENDES-FRANCE: That has been adopted.

MR. MONNET: By the Committee for the seizure of fortunes made by the war.

MR. MENDES-FRANCE: It is now in translation.

H.M.JR: Good. We wanted to go to Corsica in October but the Army wouldn't let us. They said it was too dangerous from the air. But we did get in Sardinia; they would let us go to Sardinia but not to Corsica.

MR. MONNET: Wouldn't let the Treasury representatives?

H.M.JR: Me.

MR. WHITE: We had some Treasury representatives there, but they were very much worried.

MR. MENDES-FRANCE: But not Corsica?

H.M.JR: I wanted to go but they said that from the air it was - this was his account - it was too difficult and too dangerous.

MR. MENDES-FRANCE: Yes, sometimes German planes come over.

H.M.JR: But I would have liked to see it; all I have ever seen is moving pictures of it.

MR. MONNET: I have never been to Corsica. Did you go?

MR. MENDES-FRANCE: No.

H.M.JR: When we were there the people--

MR. MONNET: We will go to France pretty soon!

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H.M.JR: When!

The AMG were complaining so because you people were driving all of the Italians out of Corsica, two or three thousand a day. You just cleaned them out, I gather.

MR. MENDES-FRANCE: Yes.

MR. MONNET: Yes, because there were a great many; it made provisions and everything very difficult in Corsica for the French.

H.M.JR: But poor Sardinia had an Army there of two hundred and fifty thousand Italians and nobody to look after them. They told us they thought that that was where they were going to land, instead of Sicily, so they had this big Army - over a quarter of a million.

MR. MENDES-FRANCE: Another problem is there are lots of Italians in Tunisia.

H.M.JR: But that has been so for some time.

MR. MENDES-FRANCE: Yes, but what we would like is to send them to their country; not all, of course, but those who are - it is quite a problem.

MR. WHITE: Unfortunately, we don't have a final copy because we continued to make last-minute changes. (Hands draft of letter from M. Mendes-France to the Secretary)

H.M.JR: Well, I read this, didn't I?

MR. WHITE: There are some changes. I can call attention to the changes.

H.M.JR: Will you? It is here in pencil?

MR. WHITE: No, there is an additional sentence. They have changed it in the first paragraph on the first page, Mr. Secretary - the next to the last sentence, the phrase that says, "Well, the final decision on the rate of exchange remains essentially a national matter."

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It is hoped that an appropriate international organization, or international accord, will provide the proper setting of framework within which the final adjustment can be successfully undertaken."

And then the other addition is at the bottom of the page, in which the first sentence - "In view of the necessity to move as rapidly as possible from a transitional to a stable economy, and in view of the importance that an international organization would play in making this possible, it is strongly urged that such international organization of accord be consummated in the briefest possible time."

H.M.JR: Very good. Now, as I understand, what you want to do is to send this back to Algiers to get this confirmed. Is that right?

MR. MONNET: He wants to take it, himself.

H.M.JR: Oh, you want to take it?

MR. MENDES-FRANCE: Yes, I want to explain the whole matter to the Committee. I know very well what the people in the Comité think, and I can assure you that there is no difficulty in this matter.

H.M.JR: You would rather do it that way - take it back? You don't want to cable?

MR. MENDES-FRANCE: No, I prefer to go there and bring it up. I can assure you there is no difficulty in the matter. I have to explain.

H.M.JR: There will be no difficulty?

MR. MENDES-FRANCE: No, no difficulty. But I think for such a thing, which is, of course, important to all of us, I think my duty is to explain it myself.

MR. MONNET: I think we ought to say to the Secretary what we were saying ourselves to Mr. White.

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This letter, you see, by him to you, at a moment when the French policy is being shaped, is a very important document, indeed, which is kind of being tempered by the Committee, confirming the position or the direction in which the French Committee has gone; namely, an economy policy that will turn its back and will go in the direction of tying the French economy with the rest of the world.

Now, at this precise moment when the Committee is discussing matters, that is a fundamental issue, you see. And that is why it isn't only a question of text, it is really a very essential question.

H.M.JR: Oh, I appreciate that. The only reason I seemed a little surprised, I thought that when your people agreed to take part in this Monetary Conference, you had already crossed that bridge.

MR. MONNET: They have.

MR. MENDES-FRANCE: Yes, that is true, but I think this letter, which is a definition of the policy we want to follow--

H.M.JR: I don't want to rush you, but I take it you have already crossed it once; now you want to go back and do it a second time.

MR. MONNET: Confirm it.

MR. MENDES-FRANCE: I think it gives more importance to the document itself if it is endorsed by the Comité. But I don't think there will be any difficulty on the face of the thing. I can tell you, you can consider it is good.

H.M.JR: We have another vote; Mr. Vincent Auriol will vote for it, won't he?

MR. MENDES-FRANCE: Yes.

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H.M.JR: Isn't he on the top Committee?

MR. MONNET: He is with the Assembly.

H.M.JR: Oh, I didn't realize that. Someone told me he was on the Comité.

MR. MONNET: No.

H.M.JR: Just a member of the Assembly?

MR. MENDES-FRANCE: He is the President of the Socialist group.

H.M.JR: Is that the biggest?

MR. MENDES-FRANCE: Not the biggest, but I think the more--

H.M.JR: I had the impression he was a member.

Well, you give me your personal assurance?

MR. MENDES-FRANCE: I give it.

H.M.JR: Well, I accept it.

Now we are ready to tell them about the rate?

MR. WHITE: Yes.

H.M.JR: On the rate part, we are prepared to go along with you; I can say so now. I am a little disappointed that we have to have the odd rate and the English have the even one. I don't think - I think the President would much rather have it as fifty. I haven't discussed it with the President; I haven't talked to him about it. I know.

MR. WHITE: Fifty to the dollar and two hundred and point zero-something to the pound.

MR. MENDES-FRANCE: When I spoke to you the first time I thought it would be possible because it is only a provision which has no very technical meaning. I thought it would be possible to keep two hundred and fifty - I know it is not exactly correct - but do you think it is a real difficulty?

H.M.JR: Oh, no. I am saying to you now, I will accept whatever it is - forty-nine and a half, is that what it is?

MR. MENDES-FRANCE: Yes, but if it would be possible to say two hundred and fifty--

MR. WHITE: They are willing to have both fifty and two hundred. Their trouble is that we are saying that is impossible. We have too much trouble with the transactions between the franc and the dollar. That difference is creating a great deal of annoyance and we just can't maintain it.

H.M.JR: You can't do it?

MR. WHITE: We could do it for the first month or two and then we would very quickly get into trouble. It is more of an annoyance. It is unimportant.

H.M.JR: I am saying I would like to have seen it fifty. Mr. White says it is difficult - he would have difficulty with the English.

MR. WHITE: They keep travelling back and forth between francs and sterling in dollars, and somebody is always making a little money. It isn't very important, really, but the Army makes a terrible fuss about it. And it does mean that Army people are trying to make money on arbitrage operations, and as more troops get in and the relaxations get more and more, it gives us more and more trouble. They have made quite a little difficulty for us on the North African pound, and we have been able to withstand it because we have said, "Well, we will wait until the Metropolitan franc is settled, and then we will clean up the whole business."

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But we think we have no choice in the matter.

H.M.JR: Well, I was just saying that I would like to have seen it fifty; Mr. White says it is difficult. You have cleared this all since you have been here, so at least this part of your mission is successful. You can consider that that is settled.

You have cleared it all with the Army, and everybody?

MR. WHITE: Yes - well, they are waiting to get your approval first.

H.M.JR: I give it my approval. I am not crazy about it, but after all, we have to get on with the war. It will be changed, anyway, is the way I figure it.

MR. WHITE: Next time we will be more interested in the even rate.

H.M.JR: It will be changed anyway in a month or two; it can't help but be.

MR. WHITE: I don't know about the month or two, but I think we can speak of this as a definite fifty-two hundred rate.

H.M.JR: The thing I want to do is to keep the thing moving, and some of these things - Mr. Stimson spent hours learning foreign exchange; Mr. Hull spent hours learning foreign exchange; then the President has a drink with General DeGaulle and General Giraud and settles it like that!

MR. MONNET: That is the way big decisions are made; that is right.

H.M.JR: So I have gotten a little philosophical about these things.

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MR. MENDES-FRANCE: Then when we have to settle the final rate, maybe we can ask the President to convince General DeGaulle!

H.M.JR: I think this time the drinks are going to be on General DeGaulle. I don't suppose when we get in there, there will be anything left in the way of decent wine or champagne. I suppose it is all brandy?

MR. MONNET: I don't know.

H.M.JR: I don't suppose there is anything left?

MR. MONNET: I hope there will be some cognac left.

H.M.JR: Do you suppose they have been able to hide some?

MR. MONNET: Certainly. Then the transportation is so difficult that I don't think they have taken everything away.

MR. MENDES-FRANCE: I think we won't find very much.

H.M.JR: I am afraid you are right.

MR. WHITE: What little there is they will probably drink up when the Germans are driven out.

MR. MENDES-FRANCE: Not very much - four years! That is quite long.

H.M.JR: Let's hope there is a little Monnet brandy!

MR. MONNET: I hope so!

MR. WHITE: It won't last long with the Army in there. But after the U.S. Army has been there any length of time, I imagine there won't be very much left.

H.M.JR: I don't imagine there is anything left in England today.

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MR. MONNET: Whisky and everything - very difficult to find anything.

H.M.JR: I don't know what happened, but I gave my son when he left six quarts of scotch. I had these nice flat bottles which they used to make, you know. I am very curious to find out whether they got there. There was no limit as to weight. He is there, but I am wondering about the scotch!

MR. MONNET: They may have drunk it on the way.

MR. WHITE: You can be sure that in each French house there will be one good bottle of either wine or champagne that is waiting to be drunk the day they land.

MR. MENDES-FRANCE: Yes. The first soldiers who arrive in each house, they find very good wine - something very good and very important. It was hidden years and years ago for this day.

H.M.JR: Now, this is all right for today? This cleans up today?

MR. MENDES-FRANCE: I think so.

H.M.JR: Is there nothing else?

MR. MONNET: We saw McCloy yesterday about the question of the pay of the troops. He inquired, and he told us that the average pay was about fifty-five dollars a month, leaving the officers out - he didn't know, exactly. He has to find out. And the reports that he got were that the average expenditure was twenty-four percent, which, of course, I suppose is calculated at how much the American soldier spends in China, India, and everywhere else - the Pacific Islands, and God knows what. Now, in the case of France, I think has to be somewhat different. There is a temptation; maybe nothing to spend it on, but at least there is a temptation of spending greater than almost any other theater that they have gone into.

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MR. WHITE: Oh, yes, I wouldn't be satisfied with the assumption they don't have money to spend.

H.M.JR: I personally would be glad to tell Mr. McCloy now that I think they ought to issue an order that when these troops land, until further order, they should not be allowed to buy any supplies from the population.

MR. MONNET: I think he is willing to do that. We asked him that. We asked him two things; that an order be issued by which the troops would be restricted from buying from the population; and second, that the amount of francs that would be given to them temporarily would be reduced - that there would be a ceiling.

H.M.JR: Was he sympathetic?

MR. MONNET: To that point he was personally sympathetic, but we couldn't find anybody to take such decision, but he was going to inquire. We said that in any case we were going to put forward a request that those two decisions be taken.

H.M.JR: At this stage you don't need any help from me?

MR. MONNET: No, but we will need help from the moment we have put this little document - I don't know where it will go to, whether it will stay with Mr. Stimson--

MR. WHITE: We will never get any place with the second - not to pay the American soldiers their pay.

H.M.JR: Not to pay it at all?

MR. WHITE: To reduce it.

MR. MONNET: To put a ceiling.

MR. WHITE: Eisenhower is never going to do it and I don't think anybody would take it on. The other approach is the good one.

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H.M.JR: You mean the order not to buy?

MR. WHITE: You might put (a) Things excluded, but I think you can get them to adopt that one.

H.M.JR: And the soldiers will obey, definitely.

MR. WHITE: The first, but they would strongly resent.

H.M.JR: They will obey if you say, "You must buy from the local population, food, and clothing, or wine" - or whatever you want to include. They will obey. Oh, yes, they are very well trained and disciplined. The officers are very high class.

MR. MENDES-FRANCE: It is important.

H.M.JR: Very definitely.

MR. MONNET: You don't think there is a chance of putting a ceiling on the pay?

H.M.JR: No.

MR. MONNET: Available in francs.

MR. MENDES-FRANCE: From the beginning--

H.M.JR: I would much rather put it up to the men on their honor - I mean, not their honor, I mean definite orders. They will obey.

MR. MENDES-FRANCE: It is not exactly the same because the money they get, even if they don't go in the shops, like you say, this money is spent, and it goes outside in the moment we are trying to take all this monetary excess - it is money that goes.

H.M.JR: I would just as leave call up McCloy and tell him I am interested.

MR. WHITE: Yes, we are, definitely.

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MR. MONNET: Certainly.

(The Secretary places a call to Mr. McCloy)

MR. WHITE: But, as you say, nobody wants to take the responsibility of advocating a ceiling on the pay that the soldiers get.

MR. LUXFORD: For a temporary measure.

MR. MONNET: In francs.

MR. WHITE: It has to be at least several months.

MR. MENDES-FRANCE: Yes, but you can increase it, progressively.

MR. MONNET: If you put it abruptly, like this, to reduce or limit the pay of soldiers, nobody will do it; but if you say for the first few months of liberation, when there is so little to buy, and so forth, that the amount of francs that is given to the soldiers is temporarily limited, to be increased as you go on. Then I think the soldiers--

MR. WHITE: You say it very nicely, but the fact remains that I am very doubtful whether anyone would take the responsibility of telling the soldier, "You can't have this money until three months from now."

H.A.JR: I think it would be bad for the morale.

MR. WHITE: I think it would be politically impossible.

H.M.JR: Bad for the morale. I don't think they would spend twenty-four percent.

MR. WHITE: I think you would like to see the program that the Treasury has for getting them--

(The Secretary holds a telephone conversation with Mr. McCloy, as follows:)

Read by H. L. & Lufford 2/19/44
May 9, 1944
11:30 a.m.

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HMJr: Hello.

Operator: McCloy.

HMJr: Hello.

Jack McCloy: Hello.

HMJr: Hello, Jack.

M: Yes.

HMJr: How are you?

M: Fine.

HMJr: Uh....

M: By the way, I've blocked that Somervell business.

HMJr: You did?

M: We're having a session this afternoon.

HMJr: Beg pardon?

M: We're having a session this afternoon on it. He -- he sent a memo down to -- to the Chief of Staff just as you said.

HMJr: Yeah.

M: In which he did quote you as -- as approving this man and -- and the idea. I talked to -- to his executive up there and asked him when he talked to you because I wanted to get to the bottom of it and he said that he didn't think that Somervell had ever purported to talk to you because somebody down the line had talked to one of your men but what he's got, apparently, in mind is this....

HMJr: Yes.

M:if I may interrupt before you start.

HMJr: Yeah, but the man -- hello?

M: Yes.

HMJr: But he did definitely use my name.

M: Oh, yes, he used your name. Yes, he said, "Secretary Morgenthau approves this."

HMJr: Well, he had no business doing that.

M: No, I know he didn't.

HMJr: What?

M: I know he didn't.

HMJr: I think that's terrible.

M: Well, that's just leger -- that's just Somervell leger-de-main.

HMJr: Well....

M: We have to bear with that sometimes. Well, at any rate, he had -- I didn't want to bawl him out for it.

HMJr: Yes.

M: Ah....

HMJr: No.

M: Because I said I was going to try to do it discreetly. Well, I think -- I hope I have.

HMJr: Yeah. Well, that's

M: And we're having a session this afternoon with Hildring.

HMJr: Yes.

M: And with him.

HMJr: Yes.

M: And with Carter....

HMJr: Yes.

M:who is Somervell's man over here, to see what's on their minds. Now, so far as Army accounting procedures go....

HMJr: Yeah.

M:so far as what forms we're to report on....

HMJr: Yeah.

M:how the Army pay is to be accounted for....

HMJr: Yeah.

M:and all that, I recognize that the Army Service Forces there have a -- have a jurisdiction.

HMJr: Yeah.

M: I don't recognize that the Army Service Forces or Somervell or anybody else has anything to do with determining policy in connection with fiscal affairs in these liberated countries. That is, in the last analysis, a combined affair.

HMJr: Well, they're separate.

M: They are entirely separate.

HMJr: Yeah.

M: They're -- they -- they emanate from the Combined Chiefs of Staff.

HMJr: Yeah.

M: We have to adjust it with the British.

HMJr: Yeah.

M: And that's the procedure on that -- it's perfectly clear. It's....

HMJr: Well....

M:through this combined committee of mine which coordinates the National -- finds out what the Government policy is....

HMJr: Yeah.

M:and then if a directive is needed, it prepares the directive for the Combined Chiefs of Staff to send to General Eisenhower and that's -- that's what settles that. Nothing else. Now, I'm not going to have anybody go over there....

HMJr: Yeah.

M:as a -- some general accounting officer who is going to be the head of everybody else over there to account to -- be responsible for fiscal affairs. And I want to make that clear to him this afternoon.

HMJr: Well, I think you've got to -- I may be over-suspicious but I don't think that that thing was done lightly.

M: Well, I know I wouldn't be surprised -- I wouldn't be surprised.

HMJr: And -- but I'll leave it entirely with you because if you get too excited, then they'll want to know where you found it out.

M: Yes, that's right.

HMJr: What?

M: That's right. I think we'll clear it up this afternoon. I've had a good talk with McNarney about it. I think that they're all clear now.

HMJr: Well....

M: It won't go through.

HMJr: When it is cleared up, would you mind....

M: I'll let you know where we ended up, yes.

HMJr: Now -- well, I thank you -- now, the other thing, Mr. Monnet and Mr. France are here, as they have been with you.

M: Yes.

HMJr: And I just want to let you know that over here on the inflation front in these countries....

M: Yes.

HMJr:everything that can be done for the expeditionary force to make it as difficult as possible for them to spend money in these countries....

M: Yes.

HMJr:I'm keenly interested.

M: Yeah.

HMJr: See?

M: Right. Right.

HMJr: And I shouldn't think it would be too difficult to issue an order about what they can spend and not spend. And after all, we did it in World War I on the expeditionary force -- I mean, the occupied force in Germany.

M: Did we? Did we cut down the pay there?

HMJr: We didn't cut down the pay but they were -- they weren't allowed to buy anything locally.

M: Well, we've got those regulations and I -- I told these fellows that I thought that we could work out all sorts of messages as actually we have been unofficially working them out in England today....

HMJr: Good.

M:putting bakeries off bounds and clothing places off bounds and working out with the rationing system whereby if they didn't ration something, why, we'd put it on a ration system so that the American soldiers wouldn't get the points to buy these things....

HMJr: Well....

M:in the shops.

HMJr: Well....

M: And that's worked fairly well.

HMJr: It did?

M: And -- but the thing that they don't -- we haven't toyed with is the thought of just cutting down on their pay for fear that that may affect their morale and talk about....

HMJr: Well, I told them....

M: We can skin the cat the other way.

HMJr: I question withholding the pay, myself.
M: Yeah.
HMJr: But I think everything else should be done, as
you say, to skin the cat the other way.
M: Yeah. Yeah.
HMJr: Well....
M: We're agreed on that.
HMJr: We're together.
M: Yeah. All right.
HMJr: Thank you.
M: All right. Fine.

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H.M.JR: He says that they are doing everything. For instance, in England a bakery and a clothing store are out of bounds and they limit the thing to rationing what a man can or cannot spend.

They say they are wholly in sympathy, but word-for-word - "The troops' morale would be hurt if they thought their pay was being withheld."

He just doesn't see how they can. But, as he put it, "There is another way to skin the cat."

MR. MENDES-FRANCE: Yes.

H.M.JR: He says they are doing it in England, and did it with considerable success in England. He is all right - McCloy.

MR. MONNET: Yes.

H.M.JR: All right. Then I am seeing you gentlemen tonight.

Draft of letter from W. Mendes-France
to the Secretary of the Treasury

My dear Mr. Secretary:

I explained to you the difficulties confronting the National Committee of Liberation in attempting to determine at this time, with any degree of certainty, the appropriate rate of exchange for continental France. In view of these difficulties the Comité had decided that it would make no attempt to fix a permanent rate until after the liberation of France, when it would be possible to approach the problem with a more complete knowledge of the relevant facts; and when, while the final decision on the rate of exchange remains essentially a national matter, it is hoped that an appropriate international organization or international accord will provide the proper setting of framework within which final adjustment can be successfully undertaken. Therefore, the Comité had determined to extend the North African rate of exchange to continental France as a provisional measure upon the Allied landing in France.

In view of the necessity to move as rapidly as possible from a transitional to a stable economy and in view of the importance that an international organization or accord would play in making this possible, it is strongly urged that such

5/9/44 - Original taken to Secretary's office by Mr. White, Mr. Monnet and Mr. Mendes-France.

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international organization or accord be consummated in the briefest possible time.

This will confirm my statement to you that, in view of the provisional character of the initial dollar-franc rate of exchange for continental Europe, the Comité wishes to make clear to you its intention that in any over-all financial settlement between France and the United States the expenses of the United States in continental France prior to the establishment of a permanent rate should not be computed in terms of the present North African rate. Rather it is the intention of the Comité that the United States should be accorded an equitable adjustment for such expenses in the light of the permanent rate of exchange established after the liberation of continental France.

Very truly yours,

May 3, 1944
2:11 p.m.

Grace
Tully: Hello.

HMJr: How are you?

T: Mr. Secretary, how are you today?

HMJr: Fine.

T: That's good.

HMJr: Grace, I thought you might mention to the President that I'm going to leave town at noon tomorrow, going up to the country for a couple of days.

T: Yes.

HMJr: And I just thought you might tell him.

T: All right. I will do that, Mr. Secretary.

HMJr: And the other thing, John Pehle, who is Director of the War Refugee Board....

T: Yes.

HMJr: I think he's put in a request to see the President through General Watson.

T: Yes.

HMJr: And he's got this document which we have all agreed to....

T: Yes.

HMJr:and he'd like to explain it to the President, on the so-called "free ports" in this country.

T: Uh huh.

HMJr: If you could give that a little boost, I'd appreciate it.

T: All right. Fine, Mr. Secretary, I'll see if I can find out how soon they can make it.

HMJr: Right.

T: Fine, sir. I hope you have a good week-end.

HMJr: Thank you.

T: All right, Mr. Secretary. Bye.

May 9, 1944
2:13 p.m.

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HMJr: Hello.

Operator: Mr. Pehle.

John Pehle: Yes, sir.

HMJr: John.

P: Yes, sir.

HMJr: I just had a call up -- I called up Miss Tully.

P: Uh huh.

HMJr: And said that I understood that you'd filed a request with General Watson to see the President.

P: Uh huh.

HMJr: And asked her to give it a little boost and see that you got in to see him.

P: Wonderful. I haven't been able to get through to the General but I've called him twice. They said he was over at the house.

HMJr: Well, then I'm ahead of you.

P: That's all right. I called him early this morning and then afterwards.

HMJr: Well, anyway....

P: That works out all right anyhow.

HMJr:I wanted to let you know I did that.

P: Did -- thank you very much -- did you see the letter from William Green?

HMJr: I've got it in my hand.

P: Yeah. It's a very good one.

HMJr: Wonderful. How did you work that?

P: Oh, some friends.

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HMJr: I see. Okay.

P: Yep. Thank you.

May 9, 1944
2:50 p.m.

INTERNATIONAL STABILIZATION

Present: Mr. White
Mrs. Klotz

H.M.JR: Let me tell you what happened at lunch. I had lunch with Stettinius.

He said, "Do you know, or do you have anything to do with the cable which the President sent while I was in England," saying that he, Stettinius, was not to discuss monetary matters? He said, "I think that was a dirty thing to do to me. I know that you raised the question with Hull." Then he said--I think that Hull said something to him. I didn't want to argue with him, because I remember what I said to Hull, that I didn't want Stettinius to do it. Hull turned to Acheson, and Acheson said that that was all right, as I remember it.

MR. WHITE: That is right. We helped draft the cable.

H.M.JR: I said, "There was a cable went a few days after you officially left Washington and went to New York."

So I said, "The cable went. It was in the process of preparation for months."

(The Secretary held a telephone conversation with Mr. Colburn.)

H.M.JR: Now, I said there was a cable went out which was drafted by State, FEA, and the Treasury, and it went out a couple of days after he left Washington and I asked the State Department to send him a copy of it. That is the only cable I knew about; I didn't know about any other.

He said it was a dirty trick.

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Here the President of the United States had said to him, "Go over, Ed, and you can talk to anybody about anything in London." And after he gets there, here comes this cable from the President to Churchill saying, "He can't talk about monetary matters." By God, he was going to find out what it was all about. I said, "I am not going to say whether I did or didn't. I only know of one cable."

He said, "Well, I am sure you wouldn't do such a thing."

"Well, I know one did go, and I know I did tell the State Department to send you a copy of it. Now, I don't know which one you are referring to."

MR. WHITE: He is referring definitely to this cable that went from the President, and the statement that he has reference to is on the top of the page, the second page.

(Mr. White hands file to the Secretary.)

There was no question as to the statement which you made over there that you didn't want him to discuss the dollar balances, and they agreed. Hull turned to Dean Acheson--

H.M.JR: I said flatly I didn't want him.

MR. WHITE: That is right, and this cable was drafted.

H.M.JR: Where he twisted it was, I just raised the question. I didn't raise the question.

MR. WHITE: All that matters is that it be clear that he received his strict instructions from the President not to discuss the dollar balances. And there is no reason why he should have, because he did not discuss that matter with you before he left, and, therefore, was in no position to do anything beyond listening. Do you remember he cabled back, couldn't he listen? It was said, "Yes," he could.

H.M.JR: Why did we put that in, that he shouldn't do it before he went over? What was motivating me?

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MR. WHITE: I think it was on an agenda. It mentions one of the things he was going to discuss. I am not positive of that. I will have to refer back to the record of the meeting.

H.M.JR: I think what happened was, I asked Hull, "What is Stettinius going over to Europe for?"

He said, "I thought maybe you could tell me, because I don't know myself."

MR. WHITE: He said he was going to find out so he would know exactly what Stettinius was going to say.

H.M.JR: I know a lot of things at the time we felt we should straighten out. He wasn't in a very good humor. Maybe this was it. Maybe he knew it was I. He said, "I am sure you didn't do it, because it was a dirty thing to do."

How should I know what the President told him?

MR. WHITE: I wouldn't back away from it, because he knows. I think that you are in the right in expecting him not to discuss these matters since they were being discussed here.

Now, had he come over here before he went and said, "I would like to discuss among the things I am going to take up, this matter of dollar balances," then you could have said, "What do you propose to tell them?" Then he could have said what was in his mind and given you a chance to say that you agreed with him or disagreed.

But for him to go over there without informing you and attempt to discuss this matter--and a discussion means more than just listening. I presume a discussion means he makes either certain concessions or certain commitments.

H.M.JR: He has returned. They have flattered him to death. He is a big shot now, and so forth, and so on. He was in a bad humor because he has just come back and has seen Hull and the President. I am sure--

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MR. WHITE: He has seen the President, too?

H.M.JR: Twice, I think. That isn't going to worry me any.

MR. WHITE: One of the things he was supposed to come back and tell you about was, according to Winant's cable, the matter of the conference. Did he have any information on that?

H.M.JR: I haven't had a chance to read this. Have a copy made and give it to Mr. White (To Mrs. Klotz).

One other thing, I want you to think this over very carefully before I leave tomorrow. I don't believe they are going to let any of these government-in-exile people out of London; I would be surprised if they come out for a number of reasons.

MR. WHITE: That is fine.

H.M.JR: Do you see?

MR. WHITE: Things I have heard would seem--

H.M.JR: Well, I am going on the assumption from what Stettinius says, which is secret in the room here, that he-- even once the thing starts--it doesn't all start in one day, and, therefore, it will be weeks. If it starts tomorrow, it still would be weeks before they are going to let them out. And, therefore, before I go, I want you to clear it up in your mind. The cable you are sending--what would be the first time the English could come themselves? Do you see? In other words, I don't want to have all this on the telephone that we could do face to face. I don't know what date you have in mind. If a cable is going to go tonight, I think it should say something like this: "On the assumption that the English get affirmative action from Parliament, what in your opinion will be the first time that they could leave England to come to this country to attend a conference?" Do you see? Then if we had that, then we could say to the President, "Now, look, this is what the English say, 'Is it agreeable to you that we postpone the date of the conference by so many weeks?'"

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MR. WHITE: You would like that before you speak to the President?

H.M.JR: Yes, definitely.

MR. WHITE: Would you put it in terms of how soon the English could leave, rather than what is the earliest date which they want the conference?

H.M.JR: That would be it. Anyway, get over to them that you can save days by getting from them what will be the earliest time that they could attend a conference, on the assumption that their Parliament gives them an affirmative message--answer.

Then I could say to the President, "The English say that the very earliest they could attend a conference is June so and so. Is that all right with you?" I think that is a contribution to clarify the situation. Do you agree?

MR. WHITE: Yes, I think you have to at that stage go to the President, and it is better to go with that information rather than without it.

H.M.JR: Now, if you will draft such a cable, I would like to see it before I go home.

MR. WHITE: Yes, right away.

May 9, 1944
3:10 p.m.

CODE OF ETHICS

Present: Mr. O'Connell
Mr. C. S. Bell
Mr. Lynch
Mr. Olrich
Mr. Thurman Hill

H.M.JR: Where are we today?

MR. O'CONNELL: Well, we have here a statement upon which we have all agreed, covering fairly fully what we think to be the personnel problem. Now, we are covering it on two levels from two aspects. One is the necessity or desirability of using industry committees or industry consultants to operate on a purely advisory basis without any responsibility or authority in connection with the operating problems. It is sort of a variation of the WPB approach, and I think in the field we are operating in we will probably need that sort of thing at least as much as WPB, or more.

The second part of the memorandum covers the problem that we discussed yesterday with respect to personnel that would actually be hired by us. Now, it is fairly long. The part that interests you starts at the bottom of page three. (Hands the Secretary statement of policy governing disposal of surplus war commodities.)

H.M.JR: You don't think I had better read the whole thing?

MR. O'CONNELL: If you think. The first three pages relate to the industry advisory committee thing.

H.M.JR: At the bottom of page three where it says, "It is desirable that officials--"?

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MR. O'CONNELL: That is right.

H.M.JR: It looks all right to me. How about you, Mr. Olrich?

MR. OLRICH: Yes, this is a good memorandum, and it sets forth just what we want.

H.M.JR: Does anybody have any doubts?

MR. C. S. BELL: No, sir.

H.M.JR: Why don't we start with this as a working basis?

MR. OLRICH: This would be a good working basis, and in any situation this is an ethical conduct that we could stand by.

H.M.JR: We have this committee to cooperate with you; and if this memorandum is too inflexible, you could always come back and see me. This doesn't have to be the Magna Charta.

MR. O'CONNELL: I think it is flexible enough. We have given it enough flexibility--

MR. OLRICH: Any situation we couldn't meet in this would be sufficiently unusual that we would have to come back to you.

MR. C. S. BELL: I think it is perfect.

H.M.JR: You have seen it?

MR. C. S. BELL: Oh, yes, sir.

H.M.JR: I am willing to accept it. Now, let me just take up another matter that I have here. I have a memorandum here from Cliff Mack; it is from Buford, Georgia. They are going to salvage Army shoes delivered by the War Department. These shoes are rebuilt at this plant. "This plant will rebuild approximately 150,000 to 170,000 pairs of shoes per

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month. This was in operation under the jurisdiction of the Army who discontinued it as of May 1, 1944. Since May 1 it has been operated under the jurisdiction of the Procurement Division."

Then there is another one at Rockaway, New Jersey. This is as good an example as any. Now, should that continue there? Would this bog you down terribly if I asked you to supervise this?

MR. OLRICH: I don't know much about it. I would have to know more about it, Mr. Secretary, to be able to tell you about it.

MR. HILL: Those are service contracts in Rockaway whereby we are sorting the shoes to send to people in liberated areas. I might say, in that case about half of them or more burned in that warehouse fire.

MR. OLRICH: This would be putting me into the other fellow's business, though.

MR. O'CONNELL: That is Procurement. None of that is surplus.

H.M.JR: I know, but it is manufacturing.

Well, who over there knows anything about manufacturing?

MR. HILL: Well, let's see. Walsh--no that is engineering. Someone came out of--well, Mapes came out of--no, he was Sears Roebuck. You might find that the heads of some of the commodity purchasing groups have had manufacturing experience, but I wouldn't know without checking their personnel records.

MR. OLRICH: Rather than scramble this thing so that I would be interfering with Mr. Mack's Division, my suggestion would be to have him appoint someone who knows manufacturing, if this is going to be any appreciable part of his duties.

H.M.JR: It is, packaging and manufacturing.

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MR. OLRICH: It would pay him, then, to have someone who knew that as an assistant in charge of that particular phase.

H.M.JR: Charles, supposing you tell him, will you, that I say if we are going to be packaging, sorting, and rehabilitating--all that kind of stuff--he had better get himself a really good man that knows something about it.

MR. C. S. BELL: All right, sir.

H.M.JR: Will you?

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

H.M.JR: I think so, too, but this thing here, I doubt whether he has anybody that really knows this business.

MR. HILL: I might say, Mr. Secretary, that that job is going to be a terrific one. You see, we got caught short on that one at Rockaway. It was a new job, and we paid about twice what we should have paid, and now we are trying to work out repricing on it. Of course, with experience we will probably be able to make a better deal.

H.M.JR: You paid twice too much for what?

MR. HILL: On that Rockaway contract, and the contract with Cardinale Company we are paying seven cents a pair on shoes. They said in the beginning they couldn't take it at any less because they had to wait until there was some experience to show what their costs were. We do have an agreement with them that there should be a repricing. We are finding that they can do the job for about four cents.

H.M.JR: Did you ever tell anybody surrounding my office that you thought they made a bad contract? The answer is "No."

MR. HILL: I wouldn't say the answer is "No;" I will say it is no in regard probably to the price. I don't say

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that under all the circumstances it might have been the best contract they made at the time. That was a matter of administrative judgment. But experience has taught us in that particular case that they paid too much money.

Now, this job we have down in Georgia some place--

H.M.JR: Buford.

MR. HILL: That is a similar job, except the Army there declares these old shoes surplus, and we are to do the reconditioning under some sort of contract.

MR. OLRICH: The difference in the price of labor, though, Mr. Hill, in Georgia and where the other one is done is such as to warrant the difference in seven cents and four cents.

H.M.JR: What I would like to say is that there are a number of things over there that don't please me. If you see those things, don't you feel it is part of your responsibility to tell Mr. O'Connell?

MR. HILL: I do, and I don't think there has been hardly an exception.

MR. O'CONNELL: That is true. Thurman has kept me very closely informed about the things that come to his attention. Both of us have been on some occasions a little bit at a loss. When we see a situation which without anyone's fault--take the shoe case. It is exactly the same sort of thing which the War Department has been confronted with time and time again, and is mainly the reason for renegotiation of contracts. You make a deal without knowing how much the cost is going to be. Maybe the fellow on the other side of the table doesn't either. We have a provision in that contract that would permit us to renegotiate that contract or reprice it downward if there are excessive profits in it. I am only saying that in that case the apparent mispricing was understandable. If I had been told about it--and I may very well have been--I wouldn't have thought it anything that I ought to bring up.

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H.M.JR: Mr. Hill brings it up and says that this is a poor contract from the standpoint of the Government. Whose move is it to raise the question?

MR. HILL: They have agreed to reprice it, and they have been called in for a conference on repricing.

H.M.JR: Well, that is good.

MR. O'CONNELL: Any agency is bound to make a lot of contracts that are bad. We made a contract with Ford Motor Company which we called to your attention a year or so ago when we bought that rubber tire manufacturing plant from them. It was a perfectly terrible situation. But those things will happen, and there is always a question as to whether it is just a matter--

H.M.JR: What ever happened on that tire thing?

MR. O'CONNELL: Well, nothing happened other than we made the contract with them on their terms, with the right to renegotiate the contract, and no renegotiation has been had as yet. It will just be lumped in with all the other Ford business. They made a very profitable deal out of it, that is all.

H.M.JR: Will anything happen to that?

MR. O'CONNELL: I say the profits they made in connection with that contract will be lumped with their other profits for their 1943 business and will be renegotiated. They will take some money back from Ford. That particular contract will stand as written. It was an over-price contract. It was just a case where the people on our side of the table were more interested in completing a deal with Ford than they were in making the best deal that they could.

H.M.JR: Well, Charlie, ask Cliff Mack how many other places there are in Procurement like this manufacturing where we don't have a trained man in charge.

MR. C. S. BELL: All right, sir.

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H.M.JR: A man that really knows the business--how many places are there like it? And find out what he is going to do about it. The sooner, the better.

Have you anything?

MR. OLRICH: Tomorrow morning at ten o'clock we are meeting with Major Ducas of Mr. Clayton's office. The question is coming up as to whether or not State tax-supported institutions should have the material that they wanted taken from Procurement and put under WPB or some other agency. Mr. Mack and I will be there.

H.M.JR: It is a nice problem.

MR. OLRICH: We are unalterably opposed to it if it is not considered surplus property. The only other logical place is to regard it as a governmental agency and be left under Mack. It should not be taken out of Procurement.

H.M.JR: Is there anything else?

MR. OLRICH: That is all, sir.

H.M.JR: Otherwise you are all right?

MR. OLRICH: Yes, sir.

H.M.JR: Does anybody else have anything?

What are you doing, Lynch?

MR. LYNCH: I have been working on these matters and others.

H.M.JR: Are you busy?

MR. LYNCH: Yes.

H.M.JR: Good.

O.K., gentlemen.

In all considerations to date of policies to govern the disposition of surplus war commodities, there is agreement that the greatest practicable use consistent with the national interest should be made of regular channels of trade, to the exclusion of speculators and promoters, and all disposal agencies should make effective use of industry advisory committees so that regular channels of trade can be used to the fullest practicable extent with small and large concerns alike participating.

Accomplishment of these objectives requires

1. consultation and cooperation with industry and trade representatives, upon the broadest practicable basis of representation, in the development of methods, practices and policies to govern the redistribution of particular classes of commodities, and
2. the effective execution of programs at the operating level by the best qualified executives that are available for enlistment in Government service.

At the same time, however, while industry should actively participate and its recommendations be carefully weighed, the responsibility for both policy determination and execution is solely a public one with the national interest predominant over any conflict of private interest, and the public officials responsible for the program may not delegate their responsibilities or powers to private representatives

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or groups, and should themselves be as free as possible of any suspicion of conflicting private interest.

At our present stage of experience it would not be prudent to attempt to set inflexible rules within which the Chief of Surplus Property Disposition must confine himself in attempting to fulfill these objectives. Presently there can be indicated only a general pattern of action and provision of means for effective and responsible decision within those limits. This outline is as follows:

A distinction should be observed to the fullest extent practicable between, on the one hand, industry participation in the development of policies and programs related to particular classes of commodities; and on the other hand, Government operational responsibility for execution of those programs.

While there should be effective industry participation in development of policies, programs and methods for the redistribution of particular classes of commodities, yet industry representatives may recommend only, and the responsibility for decision must in all cases be actually discharged by the public administrator.

The device of industry advisory committees, such as those established by WPB, appears to offer the most adequate and convenient mode of collective industry participation. An attempt will be made to establish a proper legal base for the utilization of such committees in connection with surplus war property disposal. Con-

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sideration will be given to the utilization of existing WPB industry committees, supplemented where necessary by additional representation of distributive segments of trade. It may be that many of the WPB committees are limited to producers and that additional committees will need to be established to represent distributors and retailers.

The functions of those committees and their relations with the Treasury Department should in general be governed by the policies and rules developed by WPB in collaboration with the Attorney General.

In connection with certain specific problems or in relation to particular commodities, it may be desirable to utilize the assistance of individual industry consultants, either in lieu of or to supplement industry advisory committees. This procedure has at times been utilized by WPB. These industry consultants serve only as advisers to the officials having executive responsibility and they neither assume nor discharge any operational responsibility. To meet Government personnel requirements they are sworn in for temporary service, on a WOC, dollar-a-year, or per diem consultant basis.

It is desirable that officials whose duties include executive or operating responsibilities should be free of any private or company interest in their respective fields. Preferably they should be appointed as full-time regular Government employees without any

- 4 -

continuing connection with industry or trade and without any significant financial interest in their fields of public responsibility.

It is recognized, however, that the establishment, at this juncture of experience, of an inflexible no-interest rule might deprive the Government of the services of the best qualified man in particular situations where the imposition of a less severe requirement and satisfactory safeguards of operation would sufficiently protect the public interest. The possibility is foreseen that in some cases sufficiently qualified executives can be obtained only from the industry involved and that the severance of all private interest in or connection with the industry would impose a hardship on the individual too great for him to meet. Presently accepted standards of Government service impose no such severe requirement. Therefore, room must be left so that in the necessary cases it will be possible for the Government to obtain the services of an executive connected with the industry. In such a case the preferable arrangement is a leave of absence basis, with due weight to be given by the Treasury in the individual case as to the desirability, justification and implications of continuing company compensation. Ordinarily, where Government needs require the selection of a man within an industry, that person should not be asked to forfeit pension, seniority and other status rights he has with his company.

- 5 -

There is apparently no rule which forbids a regular salary, full-time Government appointment of a person who continues to receive salary from his company on a leave of absence basis, although the desirability of such an arrangement is open to question and the practice should be approved only in exceptional cases where it clearly appears that the particular person is essential to the Government's needs and his assistance may not otherwise be obtained.

No Government officer having any continuing connection or significant interest in his field of duties should participate in any way in any transaction involving his company or which involves any conflict between his private interest and his public duties. In considering the appointment of any individual who will retain any such private interest, due consideration should be given to the question whether his company might participate in surplus property transactions. If the Government's interest in securing the services of the individual appears to out-weigh the Government's potential interest in the company as a purchaser of surplus goods of the class with which the individual will be concerned, then consideration should be given to securing an arrangement excluding that company from participation. In exceptional cases, such as where there are a relatively small number of concerns predominant in the business, it may not be in the Government's interest to exclude the company from participation. In the latter case, if after careful

- 6 -

consideration the public interest appears still to require the services of such individual, then his duties should be arranged in such manner that he will have no participation in any transaction affecting his company. Thus as a minimum requirement in any such exceptional case, a rule of operation shall be imposed whereby any officer operating in any field shall divorce himself completely from any proposed transaction involving his company or his private interest, and any such transaction shall be immediately referred to another official without such conflict of interest and shall be authorized only after exercise of unusual safeguards, such as after approval of the Chief and representatives of the Secretary appointed for that purpose.

In order to provide a means of effective decision in carrying out the above standards, in the face of the unforeseen contingencies and requirements that may arise, a policy committee is established to act for the Secretary in collaboration with the Chief of Surplus Property Disposition. That policy committee shall consist of Mr. Olrich, Chief of Surplus Property Disposition; Mr. O'Connell, General Counsel; Mr. Charles Bell, Administrative Assistant to the Secretary; Mr. Lynch, Assistant General Counsel; and Mr. Hill, Chief Counsel, Procurement Division. It shall be the duty of that committee to decide particular cases coming within the scope of this memorandum both as to personnel requirements and as to rules and procedure which will avoid conflicts of interest.

TREASURY DEPARTMENT

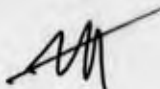
INTER OFFICE COMMUNICATION

Date

May 9, 1944

TO Secretary Morgenthau

FROM Fred Smith

FS

I have been checking with Olrich on his information section and I find he has a man named Falvey who was a vice-president of Campbell-Ewald Advertising Agency, and who joined Procurement three or four weeks ago; but not in the capacity as advertising or information man. He is about Olrich's age, and Olrich likes him and says he is "a man of substance."

I talked to him this morning and he seems to be an able citizen. He is going to try to lend-lease a writer and production man from the advertising business to come in and organize information under his direction.

I think this is the ideal way to solve that particular problem, if he gets good men to help him.

I will follow up on this and see that the job gets done.

May 9, 1944
4:54 p.m.

83

Operator: Go ahead.

Dean
Acheson: Hello.

HMJr: Hello, Dean.

A: Henry, I will send over that telegram to you....

HMJr: Good.

A:before the afternoon is out. I'm getting it paraphrased now.

HMJr: Good.

A: I told the Secretary that you were going away....

HMJr: Yes.

A:tomorrow.

HMJr: Yes.

A: And asked him whether he thought it would be a good idea for you and him to have a short talk together.

HMJr: Yes.

A: He said he would be glad to if you wished to do it. He doubted whether he would be able to come to any conclusion. He asked me how long you were going to be away and I said I thought about two days. Is that right?

HMJr: Several days. Yes.

A: Several? It might be that you would want to just have a word with him yourself before you go.

HMJr: Yes.

A: And then we can discuss the thing more fully when you come back.

HMJr: Right.

- 2 -

A: We had quite a long talk about the whole thing this morning.

HMJr: Yes.

A: And he's -- he's trying to have us puzzle out for him now courses of action, what step would follow another one, what you'd do.

HMJr: Yes.

A: And Armour's strong view that we should not -- that we have to decide where we're going to -- what we're going to do with Argentina.

HMJr: Yes.

A: And that we should not start on a course unless we see our way through to the end of it.

HMJr: Yeah.

A: And the great trouble is that we don't see our way through either way on any course.

HMJr: Yeah.

A: And what he has now got us trying to do is to sit down and map out alternative courses all the way through and see what we can work out.

HMJr: Yeah.

A: I don't know whether we'll work anything out but it doesn't look to me as though we were going to reach a decision on it right away.

HMJr: Yeah.

A: Now, if you would like to let it go until you come back, I doubt whether anything will have happened. On the other hand, if you want to get your view to him right away before you go....

HMJr: I'd prefer to see him tomorrow morning early.

A: All right. Well, let me ask his office whether he would be free -- about nine-thirty?

HMJr: Yeah, or earlier if possible.

- 3 -

A: He gets in about nine-fifteen, I think.

HMJr: I see. Hello?

A: Yeah.

HMJr: If he could see me at nine-fifteen, it would be good.

A: All right. All right, I'll talk to Joe Gray and ask him to call you right back.

HMJr: Well, tell him to let FitzGerald know in my office.

A: Okay.

HMJr: Nine-fifteen.

A: I think if you and he just had a talk by yourselves, you'd probably do better.

HMJr: All right.

A: If you get a whole lot of us in there....

HMJr: All right.

A:we'd sort of mill around, and

HMJr: All right. Well, then, I'll come alone.

A: All right. I'll ask Joe Gray to call you right back.

HMJr: Will you please?

A: Yes, Henry.

HMJr: Thank you.

A: All right.

May 9, 1944

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

Subject: Tax Simplification Bill

(For your information; no action required)

The Senate Finance Committee met this (Tuesday) morning from 10³⁰a.m. to about 12:30 p.m. The principal subject discussed concerned the changes in tax burdens resulting under the bill.

In answer to questions by Senator Vandenberg, Mr. Surrey indicated that the policy decisions underlying the bill had been made by the House Ways and Means Committee and that the Treasury believed that the bill satisfactorily carried out those policy decisions. He pointed out that the principal policy matter on which the Treasury might have disagreed with the Ways and Means Committee concerned retaining the tax on 9 million to 11 million low-income Victory taxpayers. He said that the Treasury recognized, however, that people differed on this point and had gone along with the House decision.

In response to Senator Vandenberg's question whether the Treasury would vote for the House bill if it was in the position of the Senate Finance Committee, Mr. Surrey said he was confident it would.

No substantial opposition to the bill has developed thus far. One or two Senators are exploring the possibilities of avoiding tax increases on some taxpayers.

The Committee adjourned to meet either Wednesday afternoon or Thursday morning with no definite time set.

RB

May 9, 1944

MEMORANDUM FOR THE SECRETARY

From: Mr. Blough

Subject: Corporate tax simplification.

(For your consideration; no present action required)

Chairman Doughton has been telling the press that he wants to take up corporate tax simplification in the immediate future. I would like to bring the following points to your attention as Chairman Doughton may call you about the matter.

1. It will be much harder to make a substantial showing in corporate tax simplification than in individual tax simplification. Relatively little can be done without a substantial overhauling of the corporate tax structure, involving important policy changes.
2. If the question of corporation taxes is opened up this summer it is likely to become a partisan issue. More important, the bill would almost certainly turn into a corporate relief bill since it presumably would be under consideration in the period between now and election.
3. The best time to tackle the corporate simplification problem would be in a postwar tax bill and study should be directed toward possible simplification measures to be considered at that time.
4. The Wall Street Journal for Monday, May 8, reports Senator George as saying that legislation on corporate tax simplification cannot be started until after election; and that some members of the Ways and Means Committee are in accord with this view.

- 2 -

5. Mr. Stam has indicated that he does not favor going into the subject of corporate tax simplification at this time and that he hopes to have the Treasury support him in that position.

For the reasons indicated, it is my suggestion that we do not promise to get a corporate tax simplification plan ready for consideration by the Committee this summer or fall. If Chairman Doughton calls about the matter, I think we should in a spirit of cooperation suggest a joint study with Mr. Stam to reach fruition at a later date.

RB

WAR DEPARTMENT
BUREAU OF PUBLIC RELATIONS
WASHINGTON

9 May 1944

MEMORANDUM FOR MR. MORGANTHAU

As per your request, listed below are certain problems of industrial morale which exist at present:

1. Reestablishment of understanding of "Why We Fight."
 The industrial public is not fully aware of why complete defeat of the Axis is necessary. Suggested techniques are:

- (a) Radio program - see attached.
- (b) Get film, "Prelude to War," shown as widely as possible - large companies might arrange for this in their organizations.
- (c) More publicity to certain passages of "Mein Kampf."
- (d) More atrocity speeches and other publicity.
- (e) Play up Germany's plan for a third war if this one fails.

2. Creation of War Spirit through Emotion.

- (a) Parades.
- (b) Patriotic songs at meetings.
- (c) Fete local heroes
- (d) More martial music on radio.

3. Show Importance of Shortening the War. So many people from top to bottom have stated publicly that victory is certain that the public can best be approached with the idea of making sacrifices to shorten the war, thus reducing losses and getting back quicker to normal peace time. Suggested steps:

- (a) Theme speeches, etc. in this direction.
- (b) Show the losses and cost of each additional day of war.
- (c) Emphasize that the defeat of Germany alone would not mean the end of the War.

(4) Show the Grimness of War to let everyone know that war is serious. Suggested techniques:

- (a) Speeches by wounded veterans.



- (b) Motion pictures.
- (c) Show captured enemy equipment.
- (d) Still pictures of battle conditions.

5. Confusion and Postwar Worry are a cause for morale weakening. More consistent policies and expressions from all Government agencies about policies affecting the working man are desirable, — (a) Manpower (b) Cutbacks and terminations are two large sources of confusion.



RALPH F. GOW
Colonel, G.S.C.
Chief, Industrial Services Division

RADIO PROGRAM

A two-hour, all-network broadcast, "The Eve of Invasion," justifying this great aggression against Europe -- to Germany and Japan, to the overseas troops, but mostly to the U. S. audience; ten famous foreign correspondents would tell the exact, eyewitness account of ten years of Axis cruelty, pillaging and terrorism. From 1931 on, narrators would "build" historically, with stories human and detailed, the feeling of death or injustice, as it descended on plain people.

Purpose of the broadcast -- to end any belief that merely "Pearl Harbor" started the war. Tone of the broadcast -- it should reproduce the excitement and solemnity of the ceremonies at which crusaders declared their faith in the value of the crusade.

Introductory speakers should be General Marshall and Admiral King -- speaking for the Americans whose lives will be risked in the Invasion.

The final speaker (preferably the President) should sum up the case for democracy at war, urging the need for great conviction on the part of each citizen.

PREPARED BY: MR. SIDNEY TICKTON
TREASURY DEPARTMENT

92

INTER OFFICE COMMUNICATION

DATE MAY 9 1944

TO Secretary Morgenthau
FROM Mr. Haskins

In accordance with your request, we asked the Government Division of the War Production Board to supply us with the following information with respect to projects covering sewers, schools, hospitals, recreation centers, churches, and the like, that have been submitted to that Division:

- (1) The number and amount of projects approved and denied during the calendar year 1943 classified by the major types of projects, and within such types by States;
- (2) The location and amount involved of each of the 485 projects for the construction of sewers approved during 1943; and
- (3) The details with respect to the recent project for the construction of sewers in Bristol, Pennsylvania.

In response to our request, Mr. Donald Nelson, Chairman of the War Production Board, sent us a series of schedules covering the first two items set forth above, which we are now proceeding to analyze. With respect to the project at Bristol, Pennsylvania, Mr. Nelson replied as follows:

"Regarding your request for information concerning the construction of sewers in Bristol, Pennsylvania, a careful search of the records here indicates no project submitted. A check with the Philadelphia and the Trenton offices was made with similar results."



TREASURY DEPARTMENT

WASHINGTON

May 9, 1944

MEMORANDUM TO THE SECRETARY:

Attended meeting with representatives of Reconstruction Finance Corporation and the National Paint, Varnish and Lacquer Association to discuss the practicability of dividing responsibility for disposal of paint surpluses between Reconstruction Finance Corporation and Treasury Procurement. Final decision deferred until the Association presents a formal statement of its views.

A representative of our organization described our policies and procedures before a meeting of the Directors of the Regional Offices of the Redistribution Division of War Production Board, with a view to enlisting whatever cooperation from those groups seem desirable.

Representatives of our organization and of Mr. Clayton's office discussed with officers of the Surgeon-General's Office a preliminary plan drawn up by Colonel Robinson by which surplus medical items might be given to needed hospitals in rural and small-town areas. The objective was approved but it was agreed that legislation would

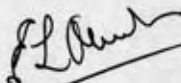
#2

Memorandum to the Secretary

5/9/44

be necessary to put the plan into effect. Future meetings of the same group will be held to explore the possibility of establishing any procedures which will insure that needy hospitals get all possible help from our disposal activities.

Samuel O. Burdette has been added to the drugs and medical supplies section of the organization.



E. L. Olrich
Assistant to the Secretary



TREASURY DEPARTMENT
PROCUREMENT DIVISION
WASHINGTON 25



OFFICE OF THE DIRECTOR

May 9, 1944

NA

SECRET

MEMORANDUM TO THE SECRETARY:

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

A requisition has been received for 75,000 tons of Bunker Coal to be used by vessels in supplying British Bunker Depots in North Africa.

Clifton E. Mack
Clifton E. Mack
Director of Procurement

Attachment

SECRET

LEND-LEASE
TREASURY DEPARTMENT, PROCUREMENT DIVISION
STATEMENT OF ALLOCATIONS, OBLIGATIONS (PURCHASES) AND
DELIVERIES TO FOREIGN GOVERNMENTS AT U. S. PORTS
AS OF MAY 3, 1944
(In Millions of Dollars)

SECRET

| | <u>Total</u> | <u>U. K.</u> | <u>Russia</u> | <u>China</u> | <u>Administrative Expenses</u> | <u>Miscellaneous & Undistributed</u> |
|---|----------------------|----------------------|----------------------|--------------------|------------------------------------|--|
| Allocations | \$4739.9 (4739.8) | \$2294.5 (2294.4) | \$1877.3 (1877.3) | \$133.9 (133.9) | \$12.6 (12.6) | \$421.6 (421.6) |
| Purchase Authoriza- tions (Requisitions) | \$3764.4 (3744.4) | \$1914.2 (1906.1) | \$1485.3 (1478.5) | \$ 84.4 (82.8) | - - | \$280.5 (277.0) |
| Requisitions Cleared for Purchase | \$3671.5 (3655.5) | \$1885.9 (1874.9) | \$1452.3 (1452.9) | \$ 61.3 (61.1) | - - | \$272.0 (266.6) |
| Obligations (Purchases) | \$3558.1 (3537.5) | \$1867.9 (1855.3) | \$1412.9 (1411.3) | \$ 60.9 (60.8) | \$11.5 (11.2) | \$204.9 (198.9) |
| Deliveries to Foreign Governments at U. S. Ports* | \$2007.4 (1987.5) | \$1267.2 (1256.9) | \$ 678.3 (669.6) | \$ 23.1 (23.0) | - - | \$ 38.8 (38.0) |

*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 April 26, 1944.

SECRET

My dear Mr. President:

MAY 9 1944

There is attached a report of Lend-Lease purchases made by the Treasury Procurement Division for the Soviet government indicating the availability of cargo for May.

The inventory of material in storage as of May 1, 1944, was 383,640 tons or 345 tons less than the April 1st inventory. Production scheduled for May shows an increase of 233,155 tons as compared with April.

Yours sincerely,

(Signed) H. H. Hargraves, Jr.

The President

The White House

WFBrennan/jj
(5/8/44)

DS

*JH**am**WFB*

SECRET

U. S. S. R.
TREASURY DEPARTMENT - U. S. S. R.
MATERIALS AVAILABLE FROM STORAGE AND PRODUCTION DURING MAY, 1944

PRIORITY CARGONS
TO PORT AREAS
SPECIFIED TO DATE
FOR MAY

| <u>COMMODITY</u> | <u>STORAGE MAY 1, 1944</u> | <u>PRODUCTION DURING MAY</u> | <u>TOTAL AVAILABLE</u> | |
|--|--------------------------------|----------------------------------|------------------------|---------|
| AGRICULTURAL MACHINERY AND IMPLEMENTS | | 20 | 20 | |
| ALUMINUM | 15,525 | 9,428 | 24,953 | |
| AUTOMOTIVE EQUIPMENT AND PARTS | | 8,564 | 8,564 | |
| BEARINGS | 419 | 332 | 801 | 672 |
| BRASS AND BRONZE | 15,103 | 39,955 | 55,058 | 16,542 |
| CHEMICALS | 17,349 | 11,949 | 29,298 | 3,360 |
| CLOTHING AND TEXTILES | | 11,312 | 11,312 | |
| CONSTRUCTION MACHINERY | | 4,535 | 4,535 | |
| COPPER IN VARIOUS FORMS | 29,439 | 5,066 | 34,505 | 5,712 |
| FERRO-ALLOYS | 432 | 1,772 | 2,204 | 224 |
| GRAPHITE PRODUCTS | 2,639 | 12,051 | 14,690 | |
| HARD AND CUTTING TOOLS | | 3,719 | 3,719 | |
| INDUSTRIAL MACHINERY | 99,317 | 58,980 | 158,297 | 18,872* |
| LEAD AND LEAD ALLOYS | 1 | | 1 | |
| LEATHER AND LEATHER PRODUCTS | | 464 | 464 | |
| NICKEL AND NICKEL PRODUCTS | 1,423 | 3,170 | 4,593 | 818 |
| NON-FERROUS METALS, OTHER | 547 | 59 | 606 | 606 |
| PAPER AND PAPER PRODUCTS | 1,756 | 669 | 2,425 | 448 |
| PLASTICS | 3,665 | | 3,665 | |
| RUBBER | 2,935 | 4,784 | 7,719 | 2,912 |
| STEEL, ALLOY AND SPECIAL | 31,876 | 84,742 | 116,618 | 17,696 |
| STEEL, CARBON | 75,520 | 78,368 | 153,888 | 5,152 |
| STEEL, PIPE AND TUBING | 57,951 | 3,934 | 61,885 | 3,752 |
| STEEL, RAILS | 11,796 | | 11,796 | 6,720 |
| TIN PLATE | 16,844 | 2,775 | 19,619 | 3,360 |
| ZINC | 103 | | 103 | |
| TOTAL | 384,640 | 346,698 | 731,338 | 86,846 |

*In addition, all available tonnage applicable to the Oil Refinery Program is classed as priority cargo for prompt shipment to ports.

AMBASSADE DE BELGIQUE

D. 8443/6

No: 2297

Washington, 9 May 1944

My dear Mr. Secretary,

I thank you for your letter of May 8th and have not failed to convey to Mr. Gutt, Belgian Minister of Finance, your reply to his letter.

Very truly yours,



The Belgian Ambassador

The Honorable

Henry Morgenthau, Jr.

Secretary of the Treasury

Washington, D. C.

Confidential

May 9, 1944

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

To Winant from the Secretary of the Treasury.

"Your recent cables are helpful to us in understanding
the situation.

"We presume that when debate is held in Parliament the
Government will support the principles of the Joint Statement
and that if Parliamentary opinion is favorable, the U. K.
will accept an invitation to a conference.

"It is necessary for us to proceed with arrangements for
the conference. Assuming that the reaction in Parliament is
favorable, what is the earliest date that the U. K. would
regard as possible for the convening of the proposed conference?"

O.K. 1/11/44
5:15 P.M.

HDW:EMB/jm 5/9/44

DEPARTMENT

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

TELEGRAM SHEET
OUTGOING TELEGRAM

MAY 9, 1944
11 P.M.

101
DIVISION OF COMMUNICATIONS AND RECORDS

U. S. URGENT

EMBASSY,

LONDON.

3717

FOR THE AMBASSADOR FROM THE SECRETARY OF THE TREASURY

Your recent cables are helpful to us in understanding the situation.

We presume that when debate is held in Parliament the Government will support the principles of the Joint Statement and that if Parliamentary opinion is favorable, the U. K. will accept an invitation to a conference.

It is necessary for us to proceed with arrangements for the conference. Assuming that the reaction in Parliament is favorable, what is the earliest date that the U. K. would regard as possible for the convening of the proposed conference?

HULL
()

PLM:GL:ja
5/9/44

1, Grosvenor Square,
London, W.1.

May 9, 1944

My dear Secretary:

Thank you for your letter of May 4 which Mr. William H. Taylor gave me when he called. We had a long talk and I was very interested in what he told me about the work he is to do here. I am glad to have him with me and I am sure he can be of help. We shall be happy to make available to him any facilities which he may need. I am grateful to you for sending him to me.

Sincerely,

John S. Wainwright

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

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MAY 9 1944

My dear Mr. Ambassador:

This is to acknowledge your letter of May 3, 1944, enclosing the text of a reply from the People's Commissar of Finance to my message of April 27, 1944.

Please express to the People's Commissar my deep appreciation for his reply. There has been some delay in the date for convening the conference, and with the change in date it may become possible for the People's Commissar to head the Soviet delegation.

It is my intention to keep the People's Commissar fully informed of developments with respect to the conference, and I expect to communicate with him shortly.

Sincerely yours,

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

His Excellency,
The Ambassador of the U.S.S.R.,
Washington, D. C.

EMB:EF 5/6/44

Dear Mr. Secretary:

I just received from Moscow by cable, and am transmitting herewith, text of the reply of People's Commissar for Finance of the U.S.S.R., Mr. Zverev, to your personal message to him of April 27.

Sincerely yours,

A. Gronyko

Ambassador

Honorable

Henry Morgenthau, Jr.

Secretary of the Treasury

Department of the Treasury

Washington, D.C.

I acknowledge receipt of your personal message, transmitted on April 27, 1944, in which you inform me regarding the program of preparatory measures for the convocation of the Financial Conference. This program does not call for any remarks on my part, and I suppose, that the editorial committee composed of experts from 8-10 countries, could start its work in Washington on May 10, as you plan this in your message. I also agree with your proposal regarding the convocation of the Conference on May 26, 1944.

"In the nearest future I shall have the opportunity to inform you regarding the composition of the Soviet Delegation to the Conference. Taking this opportunity, I wish to express my appreciation for your kind invitation to come to the conference as the head of the Soviet Delegation. To my regret, due to extreme pressure of work I do not have this opportunity.

"Taking into account the expressed by you considerations in paragraph 5, I have instructed the Soviet financial experts, at present in Washington, to continue negotiations with the experts of the United States Treasury on the international monetary fund on the international bank, and also take part in the work of the editorial committee for preparation of the agenda and drafts subject to consideration by the Conference."

TREASURY DEPARTMENT
INTER OFFICE COMMUNICATION

DATE MAY 9 1944

TO Secretary Morgenthau
FROM J. J. O'Connell

FOR YOUR INFORMATION

Although our investigation of SKF has been under way only a week, several interesting facts have already been discovered. I thought that the following should immediately be brought to your attention although we have not yet had time to fully develop them:

1. It appears that SKF Sweden has a substantial interest in VKF (the ball bearing trust of Schweinfurt, Germany). Upon the death in 1941 of Uno Forsberg, Managing Director of SKF Sweden, Harald Hamberg, the Manager of VKF, Schweinfurt, was appointed Managing Director of SKF Sweden.

It is very interesting to note that William Batt, in a letter dated June 17, 1941, to Wingquist, Chairman of the Board of SKF Sweden, made the following remark concerning this appointment: "I was, of course, concerned as to whom you could find to succeed Uno (Forsberg) and the appointment of Hamberg and his associates pleased us. I feel the selection is an excellent one but I am somewhat surprised that Hamberg can be transferred from his important post under existing conditions."

2. Count Hugo von Rosen, who has been in this country since May 1940, appears to serve as the representative, in the United States, of the SKF company in Sweden. Count von Rosen is a Swedish citizen but spent a number of years during the 30's with VKF in Schweinfurt, Germany. Although he is neither an officer nor director of the American companies and has the title of "Export Sales Manager" in SKF INDUSTRIES (Philadelphia), he is consulted on all important matters affecting the policies of United States companies, and appears to have authority over all of the subsidiaries in this hemisphere.

3. In a letter dated October 6, 1941, Wingquist, Chairman of the Board of SKF Sweden, wrote as follows to Batt: "I think you will agree with me that we shall not now extend our manufacturing plants any further, with or without government aid, if this can be avoided. I ask you to let me know beforehand if you are called

- 2 -

... to take steps in this direction."

In addition to being Chairman of the Board of SKF, Wingquist is also Chairman of the Board of AB Bofors, in which Krupp of Germany is said to have a 35 percent interest, now held by Wenner-Gren interests on behalf of Krupp. It is our understanding that Wingquist was placed at the head of Bofors by Axel Wenner-Gren (U.S. Proclaimed List).

4. SKF authorities within the United States have attempted to prevent the erection, in Australia and in the Union of South Africa, of ball bearing plants. An inter-office memorandum, dated August 28, 1943, stated that von Rosen had been requested by Sweden to check on a rumor to the effect that plans were under way for the development of a bearing plant in Australia. The memorandum reveals that officials of SKF Philadelphia arranged through Mr. Petrie of the BRITISH MINISTRY OF SUPPLY to meet two Australian governmental officials for the purpose of learning about their plans and impressing them with the difficulties of such a venture.

On March 4, 1944, von Rosen wrote the following memorandum to one of the officials of the Philadelphia plant: "Attached you will find a letter from SKF Johannesburg, received the other day, and from it you will see that South Africa is also thinking of building a bearing plant. If these two gentlemen show up while I am away I hope you will see them and try to convince them of the futility of such a project."

5. VKF of Schweinfurt, Germany, proposed to Batt that their patents within the United States be transferred to SKF INDUSTRIES (Philadelphia) for the duration, in a letter dated March 30, 1940, which contains the following statement: "We transfer to you all our United States patents, for the time of the war, whereby you guarantee to re-transfer the patents and rights of manufacturing after the war is over."

It is our understanding that the VKF patents have been vested by the Alien Property Custodian.

6. The present voting trust arrangement which supposedly places control of U.S. SKF subsidiaries in American hands was established in 1940. Correspondence with Sweden pertaining to this matter is not available to our staff since, according to officials of SKF INDUSTRIES, all foreign general correspondence for 1940 and

- 3 -

preceding years was destroyed in the spring of 1942 -- shortly after our entrance into the war. It was alleged that these files were destroyed in order to conserve filing space. However, other business records and correspondence are, as a matter of policy, retained in the files for seven years and some of the material still in the files goes back as far as 1929.

7. Evidence has been found indicating that some of the SKF subsidiaries in Latin America have been dealing with firms on the Proclaimed List.

JJC

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

Handwritten signature/initials

DATE May 9, 1944

TO Secretary Morgenthau
FROM Mr. White

This is the reference I think you had in mind regarding T. L. Soong. It is in a letter from Adler dated January 26, 1944.

"Kung told me yesterday that T. L. Soong had just returned and had informed him that the Secretary was still very friendly to China and realized the need for maintaining the official rate. I am sure that T. L. either deliberately or unintentionally misrepresented the Secretary's views but Kung believes him."

*Class to Hqs by
Stettinius at Lunch
5/9/44.*

DEPARTMENT OF STATE
Memorandum of Conversation

DATE:
Designated below.

SUBJECT: CONVERSATIONS IN LONDON ON PALESTINE
AND REFUGEE PROBLEMS.

PARTICIPANTS: Designated below.

COPIES TO: The Secretary of State
The Secretary of the Treasury
Mr. J. W. Pehle

*** 1-100

1) Dr. Chaim Weizmann called on me on April 19th and reviewed the problem of Jewish refugees escaping from Europe to Palestine. He emphasized that there are already 500,000 Jews in Palestine and that many of them are relatives of Jews who have been persecuted or killed in Europe. This has served, he stated, to heighten greatly the feeling among the Jews in Palestine against British insistence on maintenance of the White Paper restrictions. They feel that many more Jewish refugees could have escaped from Europe had the British relaxed these restrictions so as to admit more Jews into Palestine.

Dr. Weizmann stated that he understood, of course, that the President and the Prime Minister are concentrating on the war at the present time. He profoundly hoped, however, that somehow the Palestine matter could be solved without too much delay. He asked me to present his compliments to the President and to appeal to him to do everything in his power to speed the reaching of a solution.

2) On April 24, 1944, Mr. A. L. Easterman and Dr. Barou of the World Jewish Congress called on me. They discussed various problems in connection with the escape of Jewish refugees from

10/1

-2-

Europe. They agreed to send me a memorandum with more detailed information on these problems so that I can discuss them in detail in Washington.

3) Mr. Wallace Murray, in conversations with Sir Maurice Peterson, Under Secretary of State for Foreign Affairs, and other Foreign Office officials on April 12, discussed the refugee problem in relation to Palestine. As the British view the matter, the immediate problem is not the future status of Palestine but the provision of machinery for escape from the Axis-held areas of Europe. They feel that modification of the White Paper is not necessary at the present time because the White Paper quotas will be ample to permit the entrance into Palestine of all the Jewish refugees who can escape from Europe while hostilities continue.

The British officials stated that they were prepared to cooperate actively in any projects for assisting refugees to escape from Europe, provided only that they would not redound to the benefit of the enemy, and they pointed out the steps which the British have already taken to facilitate the escape of Jewish refugees through Turkey. Sir Maurice Peterson gave his assurances that if it should become possible for a larger number of refugees to escape, sufficient places of refuge would be found for them in the Middle East by the British.

EMBASSY OF THE
UNITED STATES OF AMERICA

Ciudad Trujillo, D. R., May 9, 1944

No. 1760.

Subject: Willingness of Dominican Government
to Accept Refugee Children.CONFIDENTIALThe Honorable
The Secretary of State
Washington, D. C.

Sir:

I have the honor to refer to the Department's confidential circular telegram of April 15, 7 p.m., the Embassy's telegram no. 219, May 4, 12 noon and my despatch no. 1748 of May 4, 1944, with regard to the suggestion that the Dominican Government agree to accept a number of refugee children under sixteen years of age.

In the Department's telegram under reference, it was suggested that the Dominican Foreign Office authorize its chief of mission in Bern to issue the appropriate number of immigration visas and maintain their validity until such time as transportation facilities from Switzerland to the Dominican Republic might become available. As the Department is aware, the Dominican Republic maintains no diplomatic or consular officer in Switzerland at this time and representation of its interests is in charge of the Colombian representative.

In an informal conversation with the Minister for Foreign Affairs yesterday, I inquired as to whether the Dominican Foreign Office contemplated authorizing the Colombian representative to issue the visas for the minimum of one thousand or maximum of two thousand children whom the Dominican Republic is prepared to receive. In reply he informed me that the matter had not yet come up for discussion but that it was his personal opinion that it would be inadvisable to grant such authorization to the Colombian representative and that he would be inclined, should it be feasible, to authorize the appropriate American representative to perform this function. He said that American Foreign Service Officers had had more experience along those lines and he considered them more competent to handle such a complicated matter. Pena Batlle emphasized that he was speaking entirely

AIR MAIL

-2-

unofficially since no decision had been taken in this regard.

In my opinion the Dominican Government is unlikely to take any action in this matter (other than the undertaking which it has already made to receive a number of the refugee children) in the absence of further suggestions from the American Government. I should accordingly appreciate an expression of the Department's views.

Respectfully yours,

Robert Newbegin
Charge d'Affaires ad interim

Ozalid sent to Department.
848
RN:eng

KRM

AIRGRAM

Guatemala

Dated May 8, 1944

Rec'd 3 p.m., 13th

SECRET BY COURIER

Secretary of State,
Washington.

Ac229, May 9, 5 P.M.

Reference Department's secret airgram A-308, May 1, 1245 and circular airgram of May 1, 7:35 p.m. regarding relief measures for certain persons holding Guatemalan documents now interned by Germany.

This matter was taken up in strict confidence yesterday with the Minister for Foreign Affairs who, after consultation with President Ubico, has furnished the Embassy with a confidential memorandum reading in translation as follows:

"The Ministry for Foreign Affairs of Guatemala in entire agreement with the conversation held today with His Excellency, the Ambassador of the United States, takes pleasure in indicating that the points discussed are accepted in the following terms:

The Government of Guatemala authorizes the Government of the United States to undertake negotiations for the exchange of persons presenting Guatemalan passports, against German nationals in this Hemisphere.

It is understood that the bearers of such passports who are not desirable as immigrants to Guatemala will not be admitted into the country.

The Government of Switzerland, as the protecting power of Guatemalan citizens, will be requested to assert the rights granted to interned civilians in conformity with the Geneva Convention.

If it should be suspected that any of the passports were incorrect, the Government of Guatemala will maintain its right to cancel or invalidate them; but it will do that when the bearers have been placed in safety.

It is understood that Guatemala will not assume any additional obligation as a result of its acquiescence in the present petition of the Government of the United States to which it accedes, inspired by humanitarian sentiments and as a courtesy to the Government of the United States."

The Minister.....

-3- 44-229, May 9, 5 p.m., from Guatemala.

The Minister for Foreign Affairs informed me in the course of our conversation that he had not been approached by the Spanish Minister in the matter. The Papal Nuncio had taken up with him the admission of Jewish refugees to Guatemala, to which he had replied that the Guatemalan Government felt that it had already admitted as many such persons as the country could readily absorb at the present time.

It is anticipated that the communication of the Guatemalan Government to the Government of Switzerland will be made through this Embassy. If no such communication is forthcoming in the course of the next few days, I shall remind the Minister for Foreign Affairs of the urgency thereof.

LONG

GAD:rd

A-100

SECRET BY COURIER

6:10 p.m.

May 9, 1944

SENT BY SHORT AIRGRAMAMEMBASSY,

TEGUCIGALPA (HONDURAS).

FOR THE CONFIDENTIAL INFORMATION OF THE CHARGE D'AFFAIRES
AD INTERIM.

2 The Department and the War Refugee Board are highly gratified over the results reported in your nos. 127, 128, and 129 of April 26. Please convey to the Honduran authorities this Government's deep appreciation of their attitude.

The cable costs for transmitting the message contained in Honduran note no. 1646 and other resulting communications will be assumed by this Government.

Referring to the second paragraph of your no. 127, it is believed that the ignoring of inquiries of the Spanish Government regarding the validity of passports might lead to Spain giving Germany misleading information concerning the Honduran attitude. Therefore, please suggest to the Foreign Minister that in case of inquiries by Spain (or if you deem it advisable, even without awaiting such inquiries) the Spanish Minister be informed of the substance of Honduran notes 1646 and 1647.

HULL

WEB:MMV:KG
5/8/44

CGA

WE

Hull-glw

AIRMAIL
No. 490

**EMBASSY OF THE
UNITED STATES OF AMERICA**

Lisbon, May 9, 1944

**Subject: Transmitting Report of National Catholic
Welfare Conference Representative in Lisbon
to War Refugee Board and Mgr. Patrick O'Boyle,
New York City.**

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

Sir:

I have the honor to transmit herewith a report of the representative of the National Catholic Welfare Conference in Lisbon.

Provided the Department perceives no objection, it would be appreciated if copies of this report would be forwarded to the War Refugee Board and through this board to Mgr. Patrick O'Boyle, 350 Fifth Avenue, New York City.

Respectfully yours,

For the Ambassador.

**Edward S. Crocker
Counselor of Embassy**

Enclosure:

**Report of National Catholic
Welfare Conference.**

**300
RCD:map**

LETTER NO. 6

LISBON, 6th May 1944.

Monsignor Patrick O'Boyle,
Executive Director,
War Relief Services - National Catholic Welfare Conference,
350 Fifth Avenue,
NEW YORK CITY.

Reverend and Dear Monsignor,

I have been here for six weeks now, and I have been operating at the Office for four weeks. In that time I have gathered a great deal of information through interviews with refugees, conferences and personal contacts with members of various committees and also many Portuguese. A complete picture of the refugee situation as it is to-day is extremely difficult to obtain. However, I will give you in this report whatever data I have gathered through various sources.

General Refugee Situation in Portugal:

In 1940 and 1941, it is true that there were in Portugal between 17,000 and 20,000 refugees but a good 60-70 percent of these people entered Portugal with large sums of money. They lived very lavishly in some of the best hotels. They frequented bars and casinos, and many of them played the stock market and entered into various types of speculation, and made large fortunes. They bought everything they wanted at whatever price was asked for it, which, to a certain extent, caused among the shop-keepers, not only of Lisbon but also of other cities where there were refugees, a thirst for gain which has not been appeased with time but which has kept on increasing and perhaps explains the very high prices of all sorts of articles to-day. These persons, of course, had no need to apply to relief organisations, and they have already left Portugal for other countries. The other 30 per cent of refugees are the ones who needed help at a time when, to my knowledge relief agencies had not yet begun to function in Lisbon. The American Joint Distribution Committee and the Unitarian Service Committee came around September 1940, when there was already a large number of refugees in Portugal, and the American Friends Service Committee began operating around March, 1941. So that when we speak of 20,000 depended on relief agencies for their maintenance but that only at the most a quarter of these people were absolutely destitute and in great need of aid. After consultation the day before yesterday with the other committees, I have come to the conclusion that at no time were there in Portugal more than 5,000 refugees who depended on relief agencies.

At the present time there remain in Portugal only between 1,000 and 1,500 refugees, exclusive of Spaniards, free or in hiding, the number of which is estimated to be between 1,000 and 3,000. During the past four months the number of refugees has decreased somewhat,

since/

Monsieur Patrick O'Boyle

6th May 1944

since in February approximately 750 were sent by the "Joint" to Palestine (250 of these were from Portugal and 500 from Spain), and on the 23rd March 1944, approximately 350 left for the United States and Canada on the "S. S. SHERA PIWKO" (150 of whom were from Portugal). The number of refugees in Portugal will be further decreased towards the end of this month as between 50 and 100 persons are expected to leave for Canada.

In 1940/41, at the time when thousands of refugees had arrived and thousands were arriving monthly, the "Joint" had on its relief roll approximately 2,500 refugees entirely dependent for aid, and a few hundreds partially dependent. The Unterlians had at that same period between 260 and 300 persons whom they helped financially, and the Quakers had between 180 and 200. In April of this year, the "Joint" had on its relief roll in Portugal 600 persons, the Unterlians about 250, the Quakers about 70, and we ourselves had 80, making a total of approximately 1,000 persons, exclusive of Belgians, British, Dutch and Poles, who are taken care of by their own Governments. However, there is bound to be some duplication, and the above figures may not be as accurate as they seem to be at first glance. For instance, the "Joint" helps partially the Jewish Poles; we support 15 Polish Catholics; and we have on our relief roll some persons who are still among the cases of the Quakers and the Unterlians. There are also left a few wealthy refugees who do not depend at all on committees.

Besides financial aid, all of the committees, including our own, help persons to legalise their status, secure documents necessary for emigration, and give counsel to refugees on various matters.

The Polish Committee:

When I arrived Father Furcwski told me that we reimbursed the Polish Committee for the monthly allocations: medical care, dental care, clothing of 13 Polish Catholic refugees. I could not understand the arrangement agreed upon between Father Furcwski and Mr. Schmitzsek inasmuch as I was always given to understand that the Poles were taken care of by their own Government. I was about to take the matter up with Mr. Schmitzsek when, in the course of a conversation with Father Furcwski, I learned that when Mr. Kohler was here in December, 1943, he made a verbal arrangement with Mr. Schmitzsek to the effect that we would assume the responsibility for Polish Catholics and that the money we turned over monthly to the Polish Committee for this purpose was actually to be used to send packages to Poland. In our first letter of 28th March, on the third page Miss Egan and I mentioned that Mr. Florian Piskorski, representative in Lisbon of the "Bada-Polonja" sends each month approximately 30,000 packages of food to civilians in Poland and that Mr. Schmitzsek's office also sends about the same number of packages during the same period.

I have not been able to find any record of Mr. Kohler's agreement but nevertheless I have paid to Mr. Schmitzsek for the March relief of Polish Catholics the sum of Esc. 10,630¢70. This month I will pay

approximately/

- 3 -

Monsignor Patrick O'Boyle6th May 1944

approximately the same amount for relief in April. I would appreciate very much your advice as regards this situation.

Refugees on our Relief Roll:

I have mentioned above that we had last month 80 cases on our relief roll. However, this number will be decreased this month by at least ten; 3 are leaving the country; 2 will be self-supporting; and 7 who applied to me for help under false pretences will receive no further aid. This number may be still further decreased if we should decide not to support any longer the Catholic Poles who are supposed to be aided by the Polish Committee. In addition, I have noticed that we give each month to 4 Polish seminarists and to 3 Polish ladies some money, which they do not need for themselves but with which they send food packages to Poland.

Morals among the Refugees:

Mr. Mohler had reported early this year that morals among the refugees were low. In general, I have found this report to be correct. There are a number of people, Catholics and Jews of the opposite sex, living together in an unmarried state and, although they express a willingness to marry, they cannot do so because either their status in this country is still illegal or they have a wife or a husband whom they cannot divorce at the present time. There are besides some single persons living together without being married.

There prevails also among the refugees a restlessness caused chiefly by the fact that they are not permitted to work. They meet at the cafes where they spend the largest part of their time in self-pity, complaints, regrets, etc. A few of them go occasionally to the Casino at Esteril to try their luck.

The Catholicity of about half of the persons whom we have on our relief roll is doubtful. I have no documents to prove that the people are Catholics, and I know that many of these people who are in Lisbon do not go to Mass and never take the Sacraments. However, in Caldas da Rainha the Catholics whom we support are genuine Catholics who fulfil regularly their religious obligations. I see Father Daniel several times a month, and he tells me that the Caldas people are good Catholics.

Financial Statements:

During the last few weeks I have been at the Office from 10.0 in the morning until 8.0 in the evening, with about 2 hours for lunch. I was anxious to get some documentation on all the refugees, and I spent a great deal of time with them in conferences. I have seen them all now, with the exception of the people in Caldas da Rainha, the

Catholic/

- 4 -

Monsignor Patrick O'Boyle5th May 1944

Catholic Poles who go direct to Mr. Schmitzek's office for their money, and two or three persons in Lisbon who have not come this last month to get their allocation. I have spent so much time in direct contact with the refugees that I have not been able so far to present to you a detailed statement of relief and office expenses. By the end of next week I hope to send you first a detailed account of what has been done by Father Turowski up to 31st March 1944 and with the next two weeks a detailed statement of what I have done myself from 1st - 30th April, 1944.

With very best wishes and regards to all at the Office,

Very sincerely yours,

/s/ Henry Amiel.

GMY-308

PLAIN

Listen

Dated May 9, 1944

Rec'd 11:04 p.m.

Secretary of State,
Washington.

1394, Ninth, 5 p.m.

WEB 26. FOR LEAVITT JOINT FROM SCHWARTS.

Replying your cable April eighteenth One cables following "Referring your Monday call, wish emphasize relations with American Joint and their representative quite satisfactory rescue action France being totally covered Saly Mayer who likewise generously subventions medical action various countries. However, sundry emergencies are subventioned since many years friendly organizations. Reply therefore your sympathetic comprehension in matter ten thousand dollar Labor Committee appropriation greetings" FOR YOUR INFORMATION. All food parcels sent from Istanbul arrived safely Rumania. Finally received Spanish visa, planning leave tomorrow.

HORWEB

LMS
WMB

AIRMAIL

No. 489

EMBASSY OF THE
UNITED STATES OF AMERICA

Lisbon, May 9, 1944

Subject: Transmitting Memorandum to
War Refugee BoardThe Honorable
The Secretary of State,
Washington, D. C.

Sir:

I have the honor to transmit herewith a memorandum from Robert C. Dexter, Lisbon representative of the War Refugee Board, regarding the use of American funds by non-American agencies in Portugal.

Provided the Department perceives no objection, it would be appreciated if this memorandum would be forwarded to John W. Pehle, Executive Director of the War Refugee Board.

Respectfully yours,

For the Ambassador:

Edward S. Crocker
Counselor of EmbassyEnclosure:
Memorandum.300
RCD:map

MEMORANDUM

To: Mr. John W. Fehle
Executive Director
War Refugee Board

From: Robert C. Dexter
Lisbon Representative
War Refugee Board

A matter has come to the attention of the Embassy in Lisbon which we are referring to you for advice and instructions. It is not clear whether it concerns the Treasury or the War Refugee Board, but in any event there is nothing that can be done here unless we have directives from Washington.

The situation is briefly as follows: As we understand it, various national relief agencies which are the beneficiaries of the national war fund in the United States receive from the Treasury licenses to remit considerable sums of money to Britain. The Treasury's authority over the money, we assume, ceases with the issue of the license and its transmission to England.

Some of these agencies thereupon, so we are given to understand, transmit a part of this money at least to their representatives here, whether they be the Polish Red Cross, the Belgian Red Cross, or other, and the actual spending of the money is carried on here in Portugal, or at least from here.

It has been reported to us that some of this spending may not be as carefully done as the Treasury presumably would like, and it has been suggested that it might not be a bad idea if someone here, either the Financial Attache or the representative of the War Refugee Board, had some indication as to the amounts sent to Portugal and had some authority to check on the way in which the money was spent. The purpose of this would be two-fold: first, to safeguard the original American donors; and second, and more important, to see that none of these funds got into the wrong hands ultimately.

It may be that there is nothing that can be done about it, but we are presenting the situation for such comments and directives as you may care to give.

RGD/mvd

DSH-296

PLAIN

Lisbon

Dated May 9, 1944

Rec'd 10:39 p.m.

Secretary of State

Washington.

1395, Ninth, 5 p.m.

WRB 27 FOR RABBI STEPHEN WISE NEW YORK FROM WEISSMAN.

Second group 6 children youngest 5 eldest 12 arrived. Skowronski Max 10 years son Isak and Fanny Majnbaum, uncle Majnbaum New York address unknown. 3 Rosenfelds, Marcel, Anni, Suzanne children Abraham and Fajga Fajmesser, grandmother Fajmesser New York address unknown. please trace.

Cable Herman Mandel, Apartado 1194, Lima, Peru that niece Edith Thieberg daughter Joseph and Civia Margoschis among rescued children.

Other groups arriving regularly in tattered clothing no shoes. Completely outfitting them here. Work organized so that hope rescue continually groups of 30 to 50 children. Have leased aided by WRB house seaside accommodations 80 children.

Jewish Congress offering services to WRB French Red Cross Unitarian and various Legations for rescuing Catholic and Protestant children. Our sincerest wish be helpful to non-Jewish children.

American British Embassies intervention at our request succeeded and now rescued children can regularly enter Portugal not exceeding simultaneously 300.

Thanks our initiative Spanish and French Red Cross Spain together Jean Chatain high French official intervened Spanish Foreign Minister Jordana with following results: First. Free entrance Spain up to 500 children simultaneously for transit Portugal; Second. Permission create reception centers Barcelona, Madrid for these children; Third. Entrance and residence Spain till end war 600 non-Jewish children.

WRB here still without enough money to meet extensive rescue work planned. Also no remittance from you and even transfer promised by Kubowitzki unarrived.

EH
MB

NORWEB

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Lisbon
TO: Secretary of State, Washington
DATED: May 9, 1944
NUMBER: 1396

CONFIDENTIAL

Following is WEB No. 28.

The subject of Department's cable No. 1285 (WEB 15) has been discussed by me with the Portuguese Ministry of Foreign Affairs. The Ministry promises sympathetically to inform the Embassy of possible action.

You are asked to please make my WEB No. 23 dated May 8, No. 1392 of the Embassy read No. 24 from the War Refugee Board.

NORWEB

DCB:VAG:HL 5/11/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
 TO: Secretary of State, Washington
 DATED: May 9, 1944
 NUMBER: 2937

CONFIDENTIAL

Following is for War Refugee Board

We refer herewith to Department's telegram of April 10, 1944, No. 1221 and Legation's cable of April 24, 1944, No. 2603.

Given below is the substance of a note from the Swiss Government dated May 3:

The Swiss Legation in Berlin received instructions from the Foreign Office to obtain all information concerning the alleged transfer to an unknown prison of 238 persons previously at Vittel looking toward their immediate return there. It is reported by the Swiss Legation in the letter dated April 23 that German Foreign Office representative stated that there is no information concerning this alleged transfer to the prison from Vittel. Therefore, the Swiss Consulate in Paris was instructed by the Swiss Legation in Berlin to proceed to Vittel to make an inquiry in person. They will promptly report the results. Bisang told Tait during an informal discussion at the Foreign Office on May 5 that according to a preliminary report from Feldschur, the latter had been told the following by an unnamed person in the German Foreign Office:

One. Provided the Jews are able to satisfactorily establish Latin American nationality, the government of Germany is disposed to arrange an exchange between 238 Jews against Germans in American custody.

Two. It was further stated by the German official that the Germans were even prepared to propose an exchange such as this.

Three. It was also added by the German official that the German Government wished to arrange for a general exchange of civilians as it had frequently indicated.

It was anticipated by the Swiss that a complete report from Feldschur will be received shortly and the note will then be transmitted.

HARRISON

DCB: IEB: HL 5/11/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATED: May 9, 1944
NUMBER: 2938

CONFIDENTIAL

The confidential information contained in the Department's cable of April 29, 1944, No. 1503, second paragraph was communicated to me by the Papal Nuncio in Bern, and I informed him that the Department has expressed the warm appreciation of the American Government for the Holy See's activities.

An acknowledgment dated May 4 expressing appreciation was received by me from Monsignor Vernardini and a copy of a cable which Nuncio At Madrid addressed to Cardinal Maglione on April 26 regarding the Spanish Government's attitude was enclosed in the acknowledgment. The matter has been taken up with the Spanish Government by the Papal Nuncio at Madrid. The following is the substance of the cable:

Several times this Government has concerned itself with the fate of the Jews because of their situation, terribly dominated by the German authorities, but the Berlin Government has made known that intervention is not favored by it. Spanish Jews but no others can be looked after by Spain. With regards to Jews at Vittal, however, expedient efforts will be made by this government with the view to exchanges of Jews and civilian internees in America.

HARRISON

DCR:IDB:HL 5/11/44

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATE: May 9, 1944
NUMBER: 2944

CONFIDENTIAL

Approach was made to Vatican authorities on May 1 and I have been informed that action has been taken as requested.

Foregoing is May 5 telegram 166 from Tittman, and refers to April 24 telegram No. 1414 sent to Bern by Department.

HARRISON

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Ankara
DATED: May 9, 1944
NUMBER: 408

CONFIDENTIAL

Please deliver following message to Robert F. Kelley, Counselor of Embassy, Ankara, from J. W. Pehle.

For our information please advise date you received 160,000 dollar transfer from War Refugee Board.

THIS IS WRB ANKARA CABLE NO. 34

HULL

NO. 2961 (R-2746)

AMERICAN CONSULATE GENERAL

Istanbul, Turkey, May 9, 1944.

SUBJECT: Summary of Anti-Jewish Legislation in
German-Occupied Hungary (Continued).

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

I have the honor to refer to previous despatches in the series summarizing anti-Semitic legislation in German-occupied Hungary, of which the last was my No. 2904 (R-2694) of April 27, 1944, and to submit herewith a continuation of the day-by-day report of anti-Jewish activity.

The summary continues as follows:

April 3, 1944

"Christian doctors," states the PEST of this date, "are available in sufficient numbers to handle the sanitary condition of the country, therefore the 'Numerus Nullus' clause regarding physicians of Jewish origin should be introduced."

The PEST adds: "The General Assembly of Physicians, held on April 1, 1944, authorized the Chairman of the Assembly, Vice President Csil Laszlo, to inform the Minister of the Interior of this fact."

April 6, 1944

The Prime Minister, according to the MAGY RORSZAG of April 6, 1944, has issued an order authorizing the publication of two Jewish newspapers to replace the five published prior to the German occupation of Hungary.

The two "official" Jewish newspapers are:

1. Magyar Csidok Lapja (Newspaper of the Hungarian Jews).
2. Orthodox Csidok Lapja (Newspaper of the Orthodox Jews).

The same issue of the MAGY RORSZAG states that official action has been taken against Jewish journalists. The names of all Jewish newspapermen have now been removed from the official lists. Only nine exceptions were made, four of them professional journalists, and one a collaborator of a Jewish newspaper.

The MUNZETI UJSAG of April 6, 1944, adds this item:

"According to an order issued by the Government, and published in the Official Gazette, Jews required to wear the special sign may not use automobiles, motorcycles or taxis, either for travelling or for local transportation. They may not travel by boat or bus unless granted special written permission by the authorities."

April 11, 1944

PEST reports as follows:

"Interested enterprises have been notified that no Jewish intellectual worker may remain at work after October 30, 1944. In order to insure compliance with this decree, notification must be sent to the Section of Unemployed Intellectual Workers whenever a Jewish employee is dismissed.

"The original order also provided that fifty percent of the Jewish intellectual workers in any enterprise should be dismissed immediately. In order to

- 3 -

permit the settlement of current questions and to prevent disruption of activities, the order has been modified to permit half of these employees to be retained until April 30, 1944, and the other half until May 31, 1944.

"Employees dismissed may get only their leave and their legal indemnity. An enterprise may not pay a dismissed employee any sum other than the amount legally due him, regardless of whether or not the employee has a legal contract calling for further payments. Dismissed Jewish employees may not be hired as military workers, that is, in the military service for Jews or forced labor, or as workers in the national defense corps.

"Employers must begin at once to train replacements for Jewish employees who remain on duty. Christian employees must be assigned to learn the job of every Jewish worker. Employers will be held responsible for filling vacant places, either by advancing other employees, or by any other method they may choose. However, it is the Government's desire that one enterprise should not lure workers from other enterprises."

The PEST of April 11, 1944 adds:

"The people of the Wemplen Comitatus have been waiting anxiously for a decision to be taken in connection with the disposition of Jewish vineyards in the wine region on the slopes of Tokay Mountain. It is reported that all Jewish vineyards of less than five acres, which have not as yet been sold, will be transferred to the Public Assistance organization and will be put on sale. In January, when one such sale was made, nine hundred persons competed for the 201 Jewish vineyards offered for sale."

April 12, 1944

NUNZETI UJSAG reports:

"The authorities have found no difficulty in securing new quarters for persons who lost their homes during the air bombardments. The Housing Office, with the assistance of the Central Committee of Hungarian Jews, has requisitioned one thousand apartments in Budapest belonging to Jews. The Jewish Committee has been

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instructed to prepare a list of another thousand apartments for the use of Christians who may be bombed out in future raids."

April 14, 1944

"The official Gazette published a declaration regarding the withdrawal of pharmacy licenses held by Jews. The new decree, according to the PESTER LLOYD, is a supplement to that published in 1939, and plays emphasis on accelerating the execution of the anti-Jewish law regarding pharmacies."

This acceleration is to be accomplished as follows:

1. Whereas the 1939 law provided that the licenses should be withdrawn gradually during a five year period between 1942 and 1947, the new decree stipulates that the withdrawal shall be made as promptly as possible.

2. Under the 1939 proclamation, only one out of four Jewish pharmacy licenses could be cancelled. Under the present decree, all Jewish licenses must be withdrawn.

The new proclamation adds:

"All Jews falling within the provisions of this decree must report to the Ministry of the Interior all pertinent data relating to their licenses within three days.

"All licenses withdrawn from Jews will be offered immediately at open competition by the Ministry of the Interior.

"In case a decision regarding the transfer of certain pharmacies to a new proprietor has not been reached by June 30, 1944, at which date all Jewish licenses will be considered null and void, the licenses will be taken over by an administrator appointed by the State.

"Pharmacies actually owned and exploited by Jews will not be put up for competition, but will be considered as Jewish real estate, and dealt with accordingly."

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April 16, 1944

The PESTI NERLAP announces: "The Government decree regarding the declaration and confiscation of Jewish property is to be published in the next issue of the official Gazette."

The provisions of this decree, as listed in the PESTI NERLAP, include the following:

1. Every Jew must declare all his property with the following exceptions, furniture, clothing and household effects, provided the total value does not exceed 10,000 pengos.
2. The declaration must be made on an official form and must be delivered to the competent Direction of Financial Affairs.
3. If the value of a Jew's property exceeds the basic exception, the entire property must be declared.
4. Artistic objects, carpets, silver and other luxury articles must be included in the declaration.
5. All persons, whether Jewish or non-Jewish, having in their possession any Jewish property of any type, must make an official declaration.
6. Property subject to the regulations of this decree cannot be sold, pawned or traded from the date of this decree.

The decree continues:

"All juridical transactions made after March 22, 1944, involving the transfer of Jewish property subject to this declaration, shall be cancelled, Jewish immovable property may not be sold or mortgaged by a juridical transaction."

In the same issue of the PESTI NERLAP, details are given of the controls to be exercised in connection with Jewish ownership of securities:

- 6 -

1. No Jew may hold securities bearing interest, shares, documents involving participation in a federal trade, mine shares or mine coupons. All securities must be delivered to the Central Monetary Institution (Penzintseti Mozpout) immediately.

2. Any person holding securities owned by Jews must make a declaration explaining the situation and must deliver the securities to the Central Monetary institution.

3. From the effective date of the decree, any Jew receiving securities from any source must make a declaration and deliver the securities to the proper authorities.

The PESTI NERLAP continues its anti-semitic section of this date with details of the following additional regulations:

1. All Jews must deliver to the appropriate authorities all valuables, including objects containing platinum, gold, pearls, valuable stones, and jewellery containing alloys of gold or platinum.

2. All safes and safety-deposit boxes containing Jewish property must be sealed immediately. The owners will be held responsible for making a full declaration of the contents of all safes and safe-deposit boxes to the proper authorities.

3. All accounts held by Jews in banks and the Post Office Savings System, whether check or savings accounts, must be declared to the authorities. Arrangements may be made for the Jewish owner of such an account to draw up to 1,000 pengos monthly. Larger amounts may not be withdrawn unless the Jewish depositor is in a position to prove that the withdrawal is needed to pay the salaries of employees or workers, to settle debts arising from a court sentence, to settle taxes or other public dues, or to pay the cost of goods already purchased.

4. Any Jew having in his possession more than 3,000 pengos in cash must make a declaration, and deliver to the authorities all currency in excess of this amount.

5. Any Jew who is the owner of a commercial enterprise must make a report of the actual profits of his business, and must deliver to the proper authorities an amount equal to 5% of the total gross income during the preceding year. This sum must be deposited in the Central Monetary Institution or the Post Office Savings Bank and will be expropriated.

The PESTI NIRLAP report continues:

"The decree also provides that all Jewish commercial and industrial enterprises must make a full declaration of their assets to the Minister of Commerce and Communications. The Minister of Commerce and Communications is authorized to seize all stocks of raw materials and goods, as well as the equipment and fixtures of all shops and stores owned by Jews. If the public interest requires the continuation of a Jewish enterprise, a manager will be appointed at the expense of the Jewish owner.

"The regulations contained in this decree also apply to any limited-responsibility commercial firm or company of which at least one member is a Jew. Such companies are subject to the same requirements, and must make the same declaration, as provided above for Jewish firms and individuals.

"The decree also provides for the penalties to be applied to violators of infringers of this regulation. In so far as higher penalties are not provided, violation of this decree is punishable by six months imprisonment and confiscation of the non-declared property."

April 23, 1944

Rigid control of food purchases by Hungarian Jews was imposed by an official decree announced on this date. Under the new regulation, as reported in the MAKZLTI UJSAG, the following per capita rations will be distributed to Jews, when available:

Sugar - 300 grams per month;
Fats - 300 grams of sesame oil per month;
Meat - 100 grams of beef or horse meat per week.

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Jews will not be allowed to purchase any of the following foods or commodities:

1. Pork or any other meat distributed under the rationing system, with the exception of beef.

2. Butter, eggs, paprika, rice or corn poppy.

The MAKZLTI UJSAG continues:

"The decree covers various important restrictions regarding the milk supply. For example, in the territory of greater Budapest, only pregnant mothers and children under three years of age will be entitled to receive milk. In case of a shortage of milk, rations will be withdrawn from the Jews before other reductions are made."

April 24, 1944

The TRANSCONTINENT PRESS release of this date notes:

"The closing of Jewish shops in Budapest has already affected a total of 18,000 stores. In all Hungary, 40,000 out of 110,000 stores and shops were in Jewish hands."

The anti-semitic section is continued with the following announcement:

"All Jews are to be exiled from the two Hungarian cities with the largest proportion of Jewish inhabitants, Munkacs and Ungwar. Out of a population of 35,000, Ungwar had 10,000 Jewish citizens. Of the 31,000 persons in Munkacs, 14,000 were Jews."

April 26, 1944

The TRANSCONTINENT PRESS adds the following notes on new anti-Jewish legislation:

1. All Jews must make a full statement of their financial condition as of April 30, 1944.

2. In the future, all Jewish travellers will be required to pay special rates for train tickets.

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3. Jewish travel permits will not be issued, after this date, unless a special tax is paid.

4. All Jewish manufacturers and craftsmen must give full details regarding their properties within eight days.

5. All Jewish clubs and associations, other than the official Jewish control organization, have been dissolved.

6. Funds found in the possession of Jewish groups, clubs and organizations will be given to the Relief Association for disabled Servicemen.

April 27, 1944

The PESTI NIRLAP of this date carries an urgent appeal to all Jewish merchants:

"In accordance with instructions received from the Ministry of Commerce and Industry, an urgent appeal has been addressed to all Jewish merchants handling foodstuffs. All such merchants who have not handed over their supplies of perishable goods to a Christian merchant in the same town, must take such action immediately. Infractions of this regulation will be considered as actions against the national defense and the public supply of the country."

PESTI URZAP, in its issue of April 27, 1944, gives full details of the measures regulating the food supply of the Jews, certain portions of which had been released previously:

"Dr. Laszlo Body, Vice-Mayor of Budapest, has issued the following regulation in connection with the order published about the supply of foodstuffs to the Jews:

"Jews living in Budapest and the surrounding localities attached to the capital, must report to the Rationing Office of the quarter in which they live. They are

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obliged to return their sugar, fat and meat cards, as well as the public supply-book, the milk-cards "C" and "D", and the supplementary sugar card for Budapest. The district offices will take possession of the supply-cards and issue other supply-cards, e.g., 'sugar card for Jews', 'Oil card for Jews' and 'Meat card for Jews'. No distinction is made between Jews and non-Jews in the supply of bread and flour, or in the bread and flour rations of Jews and non-Jews engaged in hard work.

"The supply-cards mentioned above must be returned. If some coupons of the sugar card have already been used for one or several weeks in May, the Rationing Office will issue a new card without the coupons for the rations already used. If coupons of the fat card have been used for one or several weeks of May, the quantity which will become due after the 1st of May must be returned to the Mezsegi Llolmiszerezuson (Exploitation of Foodstuffs) in Budapest, or to an authorized pork-butcher in the neighborhood.

"The Vice-Mayor has ordered the self-supplied Jews to hand over their stock of fats before the 3rd of May. No Jew may, therefore, keep a provision of fats either for relatives, or for tenants, or people employed in the household. The self-supplied Jews must report with their permits for slaughtering and fattening to the Head Office of the Rationing Cards in Budapest (Blelniszzerjegy Mospont, Budapest VI, Izabelle ucco 61), and in the surrounding localities to the Mayor of the departmental town, i.e., to the Mayor of the district in which fat provisions must be declared. These offices will notify the Municipal Exploitation of Foodstuffs in Budapest and the authorized pork-butchers in the surrounding localities regarding the quantities of fats returned, and will hand to the interested persons duplicates of the declaration, against which they will get an oil-card."

April 29, 1944

Further anti-semitic legislation, as reported by
TRANSCONTINENT PRESS:

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1. Jews are forbidden to enter public baths.
2. Jews who fail to wear the required yellow star in public will be subject to increased penalties.
3. Serious consideration is being given by the Government to the question whether Jewish boys and girls require further education.

Summarizing the results of the first six weeks of the Sztójay Government, Radio Budapest reports:

"The Jewish question has been solved in a humane way. The Jews in Budapest have been moved into their own streets. They receive the necessities of life through the Jewish community. There has not been the slightest disturbance during the six weeks in which the new order in Hungary has been establishing itself."

Respectfully yours,

Leslie Albion Squires
American Vice Consul

891 LAS/jrm.

To Department in original and hectograph.

No. 5881

EMBASSY OF THE
UNITED STATES OF AMERICASECRET - By Courier

Caracas, May 9, 1944

Subject: Venezuelan Government requests respect for its passports in Germany or territory occupied by its troops.

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

Sir:

With reference to the Department's secret airgram No. A-245 of May 2, 3:25 p.m., and to my secret airgram No. A-381, May 2, 3:13 p.m., I have the honor to enclose a copy and translation of a strictly confidential memorandum of May 8, 1944, which has just been received from the Acting Minister for Foreign Affairs, confirming the information previously submitted by me regarding the favorable attitude of the Venezuelan Government in protecting the bearers of its passports in certain European areas. The enclosed copy of the memorandum cited reveals that the matter has been taken up through the Swiss Government which has been requested to make a telegraphic reply of the result, and adds certain information given by the Foreign Office to the Inter-Governmental Committee for Refugees and to the Belgian Legation here. Further developments will be reported promptly to the Department.

Respectfully yours,

/s/ Frank P. Corrigan

Frank P. Corrigan

Enclosures:

1. Copy of strictly confidential memorandum of May 8, 1944, from the Acting Foreign Minister.
2. Translation of enclosure No. 1.

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JF:er

Enclosure 2, Despatch No. 5821, Embassy, Caracas,
May 8, 1944.

UNITED STATES OF VENEZUELA
MINISTRY FOR FOREIGN AFFAIRS
Direction of International Policy
Section of Inter-American Affairs

Translation

No. 1258

Strictly Confidential

Memorandum

The Acting Minister for Foreign Affairs has the honor to refer to the oral representation on April 15 last by His Excellency the Ambassador of the United States of America, concerning the bearers of Venezuelan passports resident in territory occupied by the Axis in Europe. Reference is also made to the strictly confidential memorandum addressed subsequently to the Chancellery.

The Ministry for Foreign Affairs has requested the Federal Political Department at Bern to express to the German Government the firm hope that the passports of Venezuelan citizens will be respected, and any others issued by officials of the Venezuelan Government, whatever the religious beliefs of the bearers might be, when they reside in Germany or in territory occupied by its troops. It was likewise communicated to it that the greatest importance is attributed to this statement and that it would be appreciated if the result of the representations would be communicated by cable.

Recently the Inter-Governmental Committee for Refugees presented to the Government of Venezuela a petition in favor of the Poles and other Europeans exposed to persecution of the Nazi authorities. The Committee was informed in reply that the competent Venezuelan authorities would not issue, during the war, measures designed to annul Venezuelan passports obtained exceptionally by persons in these circumstances.

Analogous assurances were given by the Chancellery to the Belgian Legation in Caracas, in reply to an appeal for protection of Belgian citizens who might find themselves in the same situation.

Caracas, May 8, 1944.

NOT TO BE RE-TRANSMITTEDCOPY NO. 11SECRETOPTEL No. 149

Information received up to 10 a.m., 9th May, 1944.

1. NAVAL

On morning 8th naval aircraft from H.M. Escort Carriers of the Home Fleet attacked a northbound convoy off KRISTIANSUND, southwest of TRONDHEIM. 1 ship was probably damaged. Oil cisterns at KJELHOLM near STADLAUDIT were also bombed. 5 enemy aircraft shot down, 4 of ours missing.

On 7th/8th French MTB's sank a 2,000 ton ship in heavily escorted convoy off GUERNSEY. Photographic reconnaissance yesterday showed LUTZOW at COPENHAGEN.

2. AIR OPERATIONS

WESTERN FRONT. 7th/8th. 3 airfields: clear weather, bright moonlight and accurate marking. Ground defences moderate strength. NANTES - 433 tons H.E., excellent concentration. RENNES - 266 tons H.E., 1 especially large fire, two large explosions reported. TOURS - 249 tons H.E., bombing concentrated. Ammunition dumps - no cloud, bright moonlight, good visibility, defences negligible. BRUZ - 250 tons H.E., target difficult to locate and bombing consequently delayed. Some fires but no major explosions. SALBRIS - 224 tons H.E., bombing concentrated, explosions seen, one being particularly large. STVALREY-EN-CAUX medium battery - 252 tons H.E. dropped.

8th. 700 U.S. heavy bombers dropped 796 tons on BERLIN and 789 tons on BRUNSWICK through cloud. 39 bombers, 14 fighters missing. Enemy casualties reported: 48, 18, 14 by bombers and 59, 3, 21 by 981 fighters co-operating. Later, 92 more Fortresses (5 missing) dropped 210 tons on military constructions, 57 Liberators dropped 146 tons on BRUSSELS railway yards. 1,420 medium, light and fighter bombers with 855 fighters co-operating attacked railways in Northern FRANCE and BELGIUM and military constructions, coastal defences and airfield in Northern FRANCE. 2 bombers and 1 fighter missing.

8th/9th. Aircraft despatched:-

| | |
|------------------------------|--|
| HAINÉ ST. PIERRE Goods yards | 125 (9 missing) |
| Airfield BREST | 64 (1 missing) |
| Gun batteries | 116 |
| Sea mining | 38 |
| OSNABRUCK | 28 |
| Leaflets, Intruders, etc. | 51 - 4 enemy aircraft destroyed, 4 damaged. |

ITALY. 8th. 501 light and fighter-bombers (1 missing) attacked communications, gun positions and other objectives.

May 10, 1944
10:10 a.m.

FREEZING OF ARGENTINA

Present: Mr. White
Mr. Luxford

H.M.JR: I called on the Secretary of State and said I was calling in regard to the Argentine situation and I hoped they would take affirmative action. That was like lighting a match to a powder keg. He said, "That is the trouble with you. You always want that. That is what you wanted in the case of Japan. You are completely wrong. If we had followed what you had done, we would have been in the war right away."

He said, "You wanted to freeze the Japanese. It is going to come out in the future! You were all wrong. The Army wasn't ready, and the Navy, and we have been called, and that is going to come out, how you people wanted us to do this and that and the other thing."

I said, "It wasn't just freezing, Cordell; we didn't want you to ship aviation gasoline and ship scrap-iron."

I said, "Why, a shipment of around five hundred thousand gallons of gasoline left the week of Pearl Harbor."

"Oh," he said, "you are wrong, you are wrong," and he started to write it out.

I said, "You needn't bother. I will look it up; I will tell you, and if I am right I will tell you. I will let you know."

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"Why," he said, "we had an embargo; it couldn't have gone."

I said, "The very week of Pearl Harbor there were five hundred thousand gallons of aviation gasoline left this country."

He went on about how he held the fort, and so forth. He said, "It is all going to come out."

So then he calmed down, but he lets himself show me how he really feels toward me.

He said, "Of course, that really has nothing to do with this Argentinian thing."

I said, "It doesn't seem so to me. I am fearful that we can win the war in Europe; we can win the war in the Pacific; and lose it right in our own backyard. What we are fighting for will be lost and we will have a Fascist State right there - the Argentine," and so forth.

Then he began to quiet down. "Well," he said, "the trouble is, you punch Mexico in the nose, and somebody else, and they all get together."

I said, "Well, Cordell, sometime in November - I can't remember exactly - I put this up to the President, and," I said, "you have had a lot of talks and haven't got anywhere; and," I said, "I have a small piece of this responsibility and I want to write a letter to the President, a copy of which I am going to send to you stating my position." I said that I wanted to fulfill my responsibility.

"Well," he said, "I have got a lot of responsibility; I will be glad to swap places with you."

I didn't answer that.

He said, "That is all right; you go ahead and write the President. If he wants to take it, that will be fine - if he wants to take it. but here is the Army saying

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this; England - they want their meat"--

I said, "I understand that you went ahead in Sweden and the English followed."

"Oh," he said - he used some word I am not familiar with - but he said, "That is peanuts - England wants its meat. We go ahead now with the invasion right ahead of us, and the Army will ask why we do this thing."

So I was always very quiet. He kept getting more and more quiet as he went along. But the real Hull blew off.

He said that Sumner Welles said that we would go right into the Argentine. Well, I didn't read that article. I didn't read it in full; I read the headlines.

So I said, "I find Mr. Welles' articles very dull. The newspapermen say he is a complete flop."

So he said, "If the President wants to to it, that is all right."

He gets a digest of the news every morning and in it was one sentence which he showed me - I don't know where it comes from - that the President had authorized the Catholic priest to go from Boston to Moscow - so he said, "If the President would only let me handle those things!"

Then he got on the Russian thing. He said, "In the fall of '33 I urged the President to recognize Russia - as a result of that, I was able to go to Russia, here, recently, and they knew I was their friend."

I think it is pure hoey, you know.

Then he said the President, sometime in 1940 - talking about how many planes - the President was considering fifteen thousand. "I told him fifty thousand, and Governor Dewey questioned it." That shows how little he knows.

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I can't believe these things. I think he has told himself over and over again - I don't think - he may have - but this is all a book he is going to write some day.

MR. WHITE: He is!

H.M.JR: I said, "Cordell, I am going to write this letter and send you a copy. It is up to you and the President. I am going to discharge my duty."

So he said, "Well, when you take your plane - when you fly up in the country"--

I said, "Well, in the first place, I don't fly; I take the train."

He said, "Take two drinks for me tonight and tell the country and everybody to go to hell."

I said, "I don't have to."

MRS. KLOTZ: I don't get the last part.

H.M.JR: He said, "Take two drinks tonight and tell everybody to go to hell."

MR. LUXFORD: Did he look pretty bad, Mr. Secretary?

H.M.JR: He is very shaky. He didn't go to the doctor that he wanted to go to. He went to the doctor about some warts on his head that he had removed.

But he started off - he just blew off. This thing we have done is just burning in his insides, you see. He just blew off when I said, "We are here to take affirmative action. I am going to discharge my duty."

He said, "All right," and then he quieted down and was the Cordell Hull that nine out of ten people know. But he snowed his hand. We are just a thorn in his side.

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I might just as well clean up this letter. (Refers to attached draft of letter to the President)

MR. LUXFORD: I was just reading over the memorandum to which we referred and it was prophetic; what we said at that time would happen, did happen.

MR. WHITE: The amazing quality of the man - to think that after all the information that is available to him, all the history, to think that Japan attacked, and prepared during those many years her plans - because we froze some forty million dollars - it is a reflection on the caliber of the whole analysis of the man.

H.M.JR: Anyway, the whole thing about Spain--

MR. WHITE: He has been right in Spain; he has been right in France; he has been right in Sweden; he has been right in Japan and in the Argentine, and Italy. He has a hundred percent record. He couldn't have been more wrong if he had deliberately started out that way.

H.M.JR: I was very quiet and stuck by my guns. I kept saying, "I am going to do this thing." I just very quietly looked him right in the eye. He calmed down; I didn't argue. I said, "We will let the future decide."

MR. WHITE: It wouldn't worry him very much if he thought you were very wrong. It is because he is very much disturbed.

H.M.JR: Oh, yes, when I said, "I am here to recommend affirmative action," he said, "That is what you are always saying."

MR. WHITE: Sure, exactly.

H.M.JR: That is an accolade which I accept as the highest--

MR. LUXFORD: That is what you said on October 25 - "Any delay in acting," and so forth, "may afford

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the present pro-Axis Government time to strengthen its position. Thus the present Government might very well go through the motions of breaking with the Axis, which would have no real effect other than to bolster the Ramirez Government. A dramatic step by us at this time should crystallize our position."

That was a joint memorandum that went to them in October. It is prophetic.

H.M.JR: Joint from whom?

MR. LUXFORD: This is the Stettinius, Paul memorandum.

(The Secretary reads the attached draft of letter to the President, dated May 10, 1944)

H.M.JR: "...and find that we have lost the war, or what we are fighting for, in our own backyard."

Don't you like that?

MR. WHITE: I think "lost the war" is a little strong; "lost what we are fighting for" is all right.

The way it reads here, "...and find we have lost the war"--

H.M.JR: "...or what we are fighting for."

MR. WHITE: I like that "lost what we are fighting for in our own backyard."

MR. LUXFORD: It is just as effective, Mr. Secretary - "...find we have lost what we are fighting for in our own backyard."

H.M.JR: I would like, "...lost what we are fighting for in the world." I mean, "We can win the battle of Europe and the Pacific"--

MR. LUXFORD: "...and find that we have lost what we are fighting for in our own backyard."

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MR. WHITE: I see what troubles the Secretary. We are not fighting for it in our own backyard - we have lost it in our own backyard.

(Miss Michener enters the conference and hands a report to the Secretary)

H.M.JR: What went in December, '41?

MISSMICHENER: That is the total for the year, there.

H.M.JR: The shipment went in October? I said five hundred thousand - that was the total. O.K. Let him correct me. Let it go. I had that figure; it was four hundred and ninety-six there, and I thought that is what went.

MISSMICHENER: That was the total for the year.

H.M.JR: O.K. All right - another battle lost.

MR. WHITE: If you let it drop, all right; but before you say you are wrong--

H.M.JR: I am not going to say anything. Let him correct me.

MR. LUXFORD: I think that paragraph has to be re-phrased.

H.M.JR: Yes. "We can win the battle of Europe and the Pacific, and find that we have lost"--

MR. LUXFORD: "...the war against Fascism in our own backyard."

H.M.JR: I would say, "...and we have lost what we are fighting for in our own backyard; namely, a Fascist Latin America."

MR. WHITE: We are not fighting for a Fascist Latin America.

(Miss Michener left the conference)

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H.M.JR: You know what I have in mind. Will you fellows take it back and be back in the not-too-distant future?

"Since October I have had numerous conferences with Mr. Hull, Mr. Stettinius, and Mr. Acheson, all of them amicable, but from the Treasury viewpoint, fruitless."

Is that word "fruitless" all right.

MR. WHITE: They have been fruitless.

H.M.JR: I think that is O.K. (Refers to draft)

MR. LUXFORD: May I explain something to you about these documents we are enclosing? The first document is the one of October 25 - while you were gone - which was a joint memorandum of Stettinius and Paul, to which the President sent a hit to Stettinius, which I am enclosing. It is in regard to blocking. "In regard to blocking Argentina, I think we had better keep this matter on our desks, to be reviewed every week or two."

The third one is the cable they sent out the other day. What I can't understand is how Hull could take that attitude with you and yet, on May 5, say, "I am considering the desirability of subjecting Argentina to a general freeze. I would like to have your views urgently."

H.M.JR: They may have sent another message.

MR. LUXFORD: They did that, Mr. Secretary. Don't you remember, we mentioned at the time - when they said, "The Secretary of the Treasury has again urged the step" - that is the way they tell them.

H.M.JR: All right. You fellows fix up this one phrase for me. Let me just say, without looking at it - what I want to get over to the President is - "You can win the battle of Europe, you can win the battle of the

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Pacific, but this thing we are fighting for, to crush Fascism, we can lose that ambition through the growth of Fascist States right in our own backyard."

Now, if you can get that into good English - after all, the fight that we are fighting for is to crush Fascism in the world, and we can lose that fight right in our own backyard, and find we have got a strong Fascist State.

That ought not to be difficult to phrase, ought it, Harry?

MR. WHITE: No, no, I am sure.

My dear Mr. President:

On October 25, 1943 Treasury and State sent you a joint memorandum outlining their respective views on the freezing of Argentina (Exhibit 1). On the same day you replied:

"In regard to blocking Argentina, I think we had better keep this matter on our desks, to be reviewed every week or two." (Exhibit 2).

Since that time, the situation in Argentina has gotten steadily worse.

We can win the battle of Europe and the Pacific, and find that we have lost the war, or what we are fighting for, in our own backyard, i.e., a Fascist Latin America.

Since October, I have had numerous conferences with Mr. Hull, Mr. Stettinius, and Mr. Acheson, all of them amicable, but from the Treasury viewpoint, fruitless. We in the Treasury feel that it is our responsibility to bring this matter again to your attention, and to urge you strongly to take immediate steps to stop the growth of Fascism in the Argentine and neighboring States. We feel very strongly that Secretary Hull's cable of May 5, 1944 to Ambassador Armour, which was drafted solely within the State Department and without consultation with the Treasury, sets forth a realistic Argentine program and should be put into effect at once. This cable is attached as Exhibit 3.

Yours sincerely,

Secretary of the Treasury.

The President,

The White House.

AFL:ard - 5/10/44

May 10, 1944
11:10 a.m.

FREEZING OF ARGENTINA

Present: Mr. White
Mr. Luxford
Mrs. Klotz

MR. WHITE: We have only changed the paragraph.

"We can win the battle of Europe and the Pacific and yet find that in our own backyard we have lost out in the war to crush Fascism. Argentina is already emerging as the new champion of Fascism and is actively engaged in forcing into its orbit other countries in Latin America."

H.M.JR: It is all right. I wouldn't just word it that way, but I am willing to take it.

Is the word "Fascism" as good as "Naziism"? I suppose so.

MR. WHITE: I think so. Naziism is a less embracing term than Fascism. Fascism includes Naziism.

(The Secretary reads the attached re-draft of letter to the President, dated May 10, 1944)

H.M.JR: I think it is good.

MR. WHITE: Would you consider that the President has taken any steps, politically? I am wondering if we shouldn't say "take further steps," rather than "immediate steps." I think it would be a little less irritating and would yield the same results.

H.M.JR: I haven't got time.

- 2 -

MR. WHITE: We didn't know whether you wanted to put in the letter to the President the fact that you are sending a copy to Hull.

H.M.JR: I said so, yes. Just put it down in the left-hand corner.

MR. LUXFORD: Carbon copy to Mr. Hull?

H.M.JR: Yes.

MR. WHITE: I think it is worth doing over for the "further" - "immediate" is irritating.

H.M.JR: Where is this word?

MR. WHITE: In the seventh line from the bottom. It would seem as though he hasn't done anything.

H.M.JR: Well, has he?

MR. WHITE: He does say he has tried, that he has brought pressure to bear. He has been aware of it and has done some things, I think. I think you gain your purpose without it.

I didn't get the same reaction as I read it over before that I do now.

H.M.JR: "Further" is the word, then. (The Secretary corrects copy and sends for Mrs. McHugh to retype letter)

MRS. KLOTZ: The way they do it is to put "cc: "--

H.M.JR: She knows how to do it.

Haven't you got the transmittal ready?

MR. LUXFORD: Not yet.

H.M.JR: Now, wait a second, boys. I think it is a good letter.

- 3 -

MR. LUXFORD: It is a strong letter.

H.M.JR: Two different philosophies--

MR. LUXFORD: You can't do anything to change that.

H.M.JR: No.

MR. WHITE: He is very sensitive to the charge of appeasement because it bothers his conscience. You would be amused if somebody called you an appeaser, wouldn't you, and turn it off with a joke, because you realize there is absolutely no basis in it and the only reason somebody is calling you that is to annoy you. ?

H.M.JR: I think this thing is all right. How long will that take?

MR. LUXFORD: Oh, five minutes at the outside.

H.M.JR: Walk right in.

My dear Mr. President:

On October 25, 1943 Treasury and State sent you a joint memorandum outlining their respective views on the freezing of Argentina (Exhibit 1). On the same day you replied:

"In regard to blocking Argentina, I think we had better keep this matter on our desks, to be reviewed every week or two." (Exhibit 2).

Since that time, the situation in Argentina has gotten steadily worse.

We can win the battle of Europe and the Pacific yet find that in our own backyard we have left out in the war to crush Fascism. Argentina is already emerging as the new champion of Fascism and is actively engaged in forcing into its orbit other countries in Latin America.

Since October, I have had numerous conferences with Mr. Hull, Mr. Stettinius, and Mr. Acheson, all of them amicable, but from the Treasury viewpoint, fruitless. We in the Treasury feel that it is our responsibility to bring this matter again to your attention, and to urge you strongly to take immediate steps to stop the growth of Fascism in the Argentine and neighboring States. We feel very strongly that Secretary Hull's cable of May 5, 1944 to Ambassador Armour, which was drafted solely within the State Department and without consultation with the Treasury, sets forth a realistic Argentine program and should be put into effect at once. This cable is attached as Exhibit 3.

Yours sincerely,

Secretary of the Treasury.

The President,

The White House.

HMJr.:HDW:AFL:YMB/jm 5/10/44

MAY 10 1944

Dear Cordell,

For your information, I am transmitting herewith a copy of the letter I have sent this date to the President on Argentina.

Sincerely,

(Signed) Henry

Honorable Cordell Hull,
Secretary of State.

Enc.

By Messenger 5/10/44
2:00 P.M. -
AFL:ind - 5/10/44

May 10, 1944

My dear Mr. President:

On October 25, 1943, Treasury and State sent you a joint memorandum outlining their respective views on the freezing of Argentina (Exhibit 1). On the same day you replied:

"In regard to blocking Argentina, I think we had better keep this matter on our desks, to be reviewed every week or two." (Exhibit 2).

Since that time, the situation in Argentina has gotten steadily worse.

We can win the battle of Europe and the Pacific yet find that in our own backyard we have lost out in the war to crush Fascism. Argentina is already emerging as the new champion of Fascism and is actively engaged in forcing into its orbit other countries in Latin America.

Since October, I have had numerous conferences with Mr. Hull, Mr. Stettinius, and Mr. Acheson, all of them amicable, but from the Treasury viewpoint, fruitless. We in the Treasury feel that it is our responsibility to bring this matter again to your attention, and to urge you strongly to take further steps to stop the growth of Fascism in the Argentine and neighboring States. We feel very strongly that Secretary Hull's cable of May 5, 1944, to Ambassador Armour which was drafted solely within the State Department and without consultation with the Treasury, sets forth a realistic Argentine program and should be put into effect at once. This cable is attached as Exhibit 3.

Yours sincerely,

(Signed) H. Morgenthau, Jr.

The President,

The White House.

c.c. to Secretary Hull.

Sent by Smet Service 11:20 A.M. - 5/10/44



THE SECRETARY OF THE TREASURY
WASHINGTON

My dear Mr. President:

On October 25, 1943 Treasury and State sent you a joint memorandum outlining their respective views on the freezing of Argentina (Exhibit 1). On the same day you replied:

"In regard to blocking Argentina, I think we had better keep this matter on our desks, to be reviewed every week or two." (Exhibit 2).

Since that time, the situation in Argentina has gotten steadily worse.

We can win the battle of Europe and the Pacific yet find that in our own backyard we have lost out in the war to crush Fascism. Argentina is already emerging as the new champion of Fascism and is actively engaged in forcing into its orbit other countries in Latin America.

Since October, I have had numerous conferences with Mr. Hull, Mr. Stettinius, and Mr. Acheson, all of them amicable, but from the Treasury viewpoint, fruitless. We in the Treasury feel that it is our responsibility to bring this matter again to your attention, and to urge you strongly to take ~~immediate~~ steps to stop the growth of Fascism in the Argentine and neighboring States. We feel very strongly that Secretary Hull's cable of May 5, 1944 to Ambassador Armour, which was drafted solely within the State Department and without consultation with the Treasury, sets forth a realistic Argentine program and should be put into effect at once. This cable is attached as Exhibit 3.

Yours sincerely,

Secretary of the Treasury.

The President,

The White House.



Copy to Mr. Cudde Hull

*Dictated by**Hoops*DRAFT

My dear Mr. President:

On _____ I sent you a memorandum on the Argentine, Exhibit One. On _____, you acknowledged receipt of this and said, "Take it up with me," Exhibit Two. Since that time, the situation in the Argentine has gotten steadily worse.

We can win the battle of Europe and the Pacific, and find that we have lost the war in our own backyard with a strong Fascist State in control.

During this period, I have had numerous conferences with Mr. Hull, Mr. Stettinius, and Mr. Acheson, all of them amicable but, from a Treasury viewpoint, fruitless. We in the Treasury feel that it is our responsibility to bring this matter again to your attention, and to urge you strongly to take immediate steps to stop the growth of Fascism in the Argentine and neighboring states. We feel very strongly that the cable to Ambassador Amour, which was drafted solely within the State Department without consultation with the Treasury, attached as Exhibit Three, should be put into effect at once.

Yours sincerely,

EXHIBIT 1

CONF

OCT 25 1948

MEMORANDUM FOR THE PRESIDENT:Action Proposed by the Treasury:

Treasury proposes that Argentina be added to the 35 countries already subject to the freezing control. Essentially, these controls would follow the pattern already in effect with regard to Portugal, Spain, Sweden and Switzerland. This is in general the proposal made by Ambassador Armour. In view of the flexibility of these controls, additional exemptions or restrictions can be added as desirable.

Treasury Department's Position:

The Treasury, on economic warfare grounds, has repeatedly urged that the freezing control be extended to Argentina--as it has been to the neutral countries in Europe. Argentina is recognized as the base from which the Axis conducts its financial operations throughout the Western Hemisphere. On political grounds, the State Department and Ambassador Armour have consistently opposed freezing Argentina. However, last Wednesday, Ambassador Armour recommended the freezing of Argentina, stating in his cable:

"The Secretary's letter of August 30, together with other events, has brought about bitter opposition to the present Argentine administration from important and influential sectors of the Argentine public, including elements in the armed services. Any further action on the part of the American Government must help to increase this opposition rather than dispel it through creating a 'my country right or wrong' reaction.... The Embassy believes that blocking would be interpreted in Argentina as directed against the Government and not against the people and would be generally understood."

The freezing of Argentina at this time is the natural follow-up to Secretary Hall's letter to Foreign Minister Sterni on Lend-Lease and your criticism of the closing of the Jewish newspapers. Any delay in acting not only gives Argentina a chance

- 2 -

to move substantial assets out of the United States but may afford the present pro-Axis government time to strengthen its position. Thus the present government might very well go through the motions of breaking with the Axis, which would have no real effect other than to bolster the Ramirez government. A dramatic step by us at this time should crystallize the opposition and might give Argentina a genuinely pro-Allied government.

State Department's Position:

I. The State Department continues to oppose this proposal, which you declined to approve last year, primarily because we believe it will retard, rather than hasten, a change of government. The Treasury's proposal, although suggested on economic warfare grounds, has as a major purpose the political objective of upsetting the present Argentine government. In the Department's judgment, contrary to the views of Ambassador Armour, it is more likely that blocking Argentina would strengthen the grip of the present government. Because of the sensitiveness of Argentines to outside pressure, the government undoubtedly would appeal to all Argentines to "defend" their country against United States invasion of Argentine sovereignty. Past experience with Argentina indicates that this type of flag-waving arouses popular patriotic fervor. We believe in this case the growing opposition to the government would be temporarily confused if not divided.

II. We consider the proposal would not directly attain important economic warfare objectives.

III. The proposal runs the risk of (a) frightening the other American republics, because they would figure that if the United States used strong-arm tactics against Argentina it might do the same to them; and (b) producing Argentine retaliatory action which might endanger United Nations procurement of such vitally needed materials as zinc, hides and foodstuffs and jeopardize the advantageous arrangements under which the Argentine merchant marine carries to the United States a minimum of 40,000 tons a month of cargo selected by us.

IV. The Argentine political pot is seething. The universities are now on strike and attempts are being made at this moment to organize a general strike with the specific objective of overthrowing the government. We recommend that Argentina be left to stew in its own juice at least until the present confused movements take form.

(Signed) Randolph Paul
(Signed) E. R. Stettinius, Jr.

EXHIBIT 2

COPI

THE WHITE HOUSE

October 25, 1948

MEMORANDUM FOR

E. R. S., JR.

In regard to blocking Argentina, I think we had better keep this matter on our desks, to be reviewed every week or two.

How would it be to let it leak out that some freezing of controls is being studied?

F. D. R.

EXHIBIT 3

C O P YPARAPHRASE OF TELEGRAM SENT

TO: AMEMBASSY, BUENOS AIRES
FROM: Secretary of State, Washington
DATED: May 5, 1944, 10 a.m.
No. 741

MOST SECRET

I am seriously considering the desirability of subjecting Argentina to a general Treasury freeze and the Secretary of the Treasury has again urged this step similar to the one which last January was proposed.

I have under consideration such a freeze which would be part of a program similar to that which was suggested in the latter part of your telegram of April 18, no. 970, of which the following steps might be included:

(1) The Treasury to make immediate announcement of a general Treasury freeze as last January was proposed utilizing the same general statement, the same terms and also conditions including private authorizations to banks and other financial institutions which would permit financial transactions connected with commercial transactions of an ordinary nature.

(2) The steps would include carrying forward also one by one some or all of the following steps over a period of a few months:

(a) As suggested in your 970 a tightening up on general exports to Argentina.

(b) In order that Argentina's position as a source of Britain's meat supply would be reduced we proposed diverting an occasional meat ship from the River Plate to the United States.

(c) The granting of licenses for Argentina to acquire petroleum products at Caribbean supply points would be reduced or eliminated.

- 2 -

(d) With regard to coal reduce the availability to Argentina.

It would be necessary of course to make public announcement of the Treasury freeze. Without any public announcement the other steps would be taken quietly and these would be spread over a considerable period rather than announced as a program of economic pressure. As each step was taken their effect would, of course, become known to Argentina.

I would like to have your views urgently on any possible repercussions in other American republics and I would appreciate your comments urgently by telegraph on the workability and on the desirability of such a program.

HULL

May 10, 1944
11:15 a.m.

MEMO FROM EMIL SCHRAM

Present: Mr. O'Connell
Mrs. Klotz

MR. O'CONNELL: You wish to speak to me this morning about the memo Sullivan sent you from Emil Schram?

It is a very stupid memorandum, but they haven't acted on the proposed increase in salary yet, but the memorandum indicates they are willing to approve an increase in compensation from forty-eight to fifty thousand a year. The newspaper articles first indicated from forty-eight to sixty-five. That was the application as originally filed. That was done in March. They had some talks with our people in New York. I can't tell what the effects of the talks were, but they took it back, and then submitted a new application for an increase from forty-eight to fifty thousand a year. That is for a three-year term. The contract also has an additional seven years during which Mr. Schram will be compensated at the rate of thirty-five thousand dollars a year as an advisor. The contract also provides that if Mr. Schram dies during his three-year term of office his wife will be paid what amounts to a pension for seven years at the rate of thirty-five thousand dollars a year.

Now, I have written a memorandum for your signature to Commissioner Nunan, saying that you see no basis for an increase in his current compensation above forty-eight thousand dollars a year, but you see no objection to the other provisions of the contract.

H.M.JR: Why?

MR. O'CONNELL: For the life of me, I don't see any basis for increasing his compensation. The fact is, the

first paid president they ever had was Martin in 1938. They paid him forty-eight thousand dollars a year. Then they hired Schram when Martin went in the Army, and they paid him forty-eight thousand dollars a year.

Now, the only basis in this memorandum for an increase in compensation for Schram is that before they hired Martin they offered another fellow eighty or ninety thousand dollars a year for the job, and he didn't take it. So they came to the conclusion that any salary up to ninety thousand dollars a year is proper, because they had determined back in 1938 that the job was worth eighty or ninety thousand dollars a year.

H.M.JR: Is that what Sullivan says?

MR. O'CONNELL: Sullivan doesn't say anything. He just sent it to you. This is from Burford (indicating "Memorandum for Mr. Sullivan," dated May 6, 1944). He says, "When the presidency of the Exchange was vacant in 1938, the Exchange proposed to pay a salary of from \$80,000 to \$90,000 a year and made an offer of that amount to one person, but not being successful in obtaining his services they employed Mr. Martin at \$48,000 a year." Then they come to the conclusion that, "Since the Exchange considered this position to be one calling for a salary of from \$80,000 to \$90,000 a year, it may be assumed that for policy purposes that such a rate was established, and any annual salary not in excess of \$90,000 a year could be approved under the Act and regulations."

My feeling is--and I talked to Phil Wenchel about it briefly--is that it is an awfully narrow basis upon which to decide that forty-eight thousand dollars is not enough.

H.M.JR: Read the last paragraph again.

MR. O'CONNELL: "Since the Exchange considered this position to be one calling for a salary of from \$80,000 to \$90,000 a year, it may be assumed that for policy purposes that such a rate was established, and any annual salary not in excess of \$90,000 a year could be approved under the Act and regulations."

- 3 -

H.M.JR: That is all the more reason why we have to have somebody over here looking over Internal Revenue. Burford is a very wise gent.

MR. O'CONNELL: I thought you had read this memorandum. It is a perfectly horrible memorandum. It leaves more unsaid than it says.

I think we ought to say that they ought not approve the increase in salary. (Hands the Secretary memorandum to Commissioner Nuna, dated May 10, 1944.) They could attempt to prove that the job is worth more than forty-eight thousand, but the only amount the job has ever paid is forty-eight thousand dollars a year.

H.M.JR: Do you think Mr. Schram should get an increase over forty-eight thousand dollars?

(Mr. Luxford enters the conference with cover letter for communication to the President on the Argentine situation.)

MR. LUXFORD: It is too much; cut him. (Laughter)

H.M.JR: All right. You don't think we ought to give him that as a tip politically, just tip him seven thousand dollars?

MR. O'CONNELL: I am talking politics primarily. I think the wise thing to do is to say forty-eight thousand is enough, when the War Labor Board cuts people down from getting more than ninety cents an hour.

H.M.JR: Oh, are we for the people?

MR. O'CONNELL: We are for the people, not for the Stock Exchange!

H.M.JR: I just wanted to be sure. That is all the more reason on this Burford business--gee whiz!

- 4 -

Thanks Joe.

Listen, whom does Burford come under?

MR. O'CONNELL: Let's see, he is Deputy Commissioner, so I assume he comes under the Commissioner.

H.M.JR: We will learn him!

May 10, 1944

Commissioner Fuman
Secretary Morgenthau

Mr. Sullivan has sent me a memorandum prepared for him by Mr. Burford in connection with the proposed salary increase for Emil Schram, President of the New York Stock Exchange.

On the basis of the facts contained in the memorandum, I see no justification for approving any salary increase above the existing rate of \$48,000 a year.

I agree that there is no basis for determining at this time whether the contract provision is proper pursuant to which it is contemplated that Mr. Schram will be compensated \$85,000 a year for continuing in an advisory capacity after the expiration of the three-year term covered by the new employment contract.

Further, I see no objection to the provision of the contract providing for a payment of \$85,000 a year for seven years to his widow in the event of his death or incapacitation during the three-year term of the new contract.

(Signed) H. Morgenthau, Jr.

JJO:G:igh

2/20/44

MAY 10 1944

ORDER

In the absence of the General Counsel for the Department of the Treasury, Mr. Ansel F. Luxford, Assistant General Counsel, is hereby designated to act as General Counsel for the Department of the Treasury, with the operating title of Acting General Counsel.

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

5/15/44

Checked with Mr. Gamble who at that very moment was holding a meeting in his office on subject matter. Memo will be coming thru.

5120
checked this with
Aley who said he +
Gamble discussed it
today. Finished

cc-Herbert Gaston
Fred Smith

157

Ted Gamble.

May 10, 1944

Secretary Morgenthau.

I am of the opinion that we ought to have in War Bonds a first class news editor and a first class photograph editor with plenty assistants all set up to send news and photographs to our forty-eight states just as fast as it comes in from the battle fronts. I don't believe that we are equipped to handle it now. I doubt whether O.W.I. is equipped to handle it. I wish that you and Herbert Gaston and Fred Smith would talk this over promptly and give me your recommendations. I should think we could borrow these kind of people from the newspapers for the War Loan Drive. I think we should contact the Army and Navy and see what set-ups they have and how fast they can give us this information. I think we should also have a radio news editor so that he could get his material to the radio commentators. Also, somebody to get moving picture film of news value to the theatres. I repeat, please give this matter serious consideration to have all kinds of people who are equipped to handle news through all kinds of media and to do it fast. If we could, borrow these people for one month. Thank you.



TREASURY DEPARTMENT

WASHINGTON

May 10, 1944

Handwritten scribble

MEMORANDUM TO THE SECRETARY:

A representative of the Treasury organization spoke before the National Wholesale Hardware Association in Philadelphia.

A press conference was held at the Treasury Building which was attended by representatives of all the trade papers and the wire services.

E. Olrich
E. Olrich
Assistant to the Secretary

SECRET

WAR DEPARTMENT
OFFICE OF THE CHIEF OF STAFF
CIVIL AFFAIRS DIVISION
WASHINGTON 25

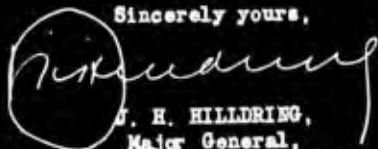
10 May 1944

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

Dear Mr. Morgenthau,

Reference is made to your message of April 28, 1944, dispatched through the War Department, to General Eisenhower regarding supplies of Belgian franc, Netherlands guilder and Norwegian krone currencies for the Supreme Commander, Allied Expeditionary Forces. Relative to the same subject, there is inclosed herewith, for your information, copy of VOG 36.

Sincerely yours,



J. H. HILLDRING,
Major General,
Director, Civil Affairs Division.

Incl:
VOG 36

"THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE ACT, U.S.C. 50-51 and 52. THE TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW."

SECRET

WAR DEPARTMENT
CLASSIFIED MESSAGE CENTER
INCOMING CLASSIFIED MESSAGE

S-E-C-R-E-T

From: Supreme Headquarters, Allied Expeditionary
Forces, London, England

To: War Department

No: S 51549

9 May, 1944

S 51549 AGWAR for Combined Chiefs of Staff for
Combined Civil Affairs Committee information to Hilldring
and British Chiefs of Staff from Holmes signed Eisenhower
reference your GOV 40 this is VOG 36.

Currencies turned over to the War Office by the Belgian,
Dutch, and Norwegian Governments-in-exile are available
to SCAEF for all purposes, including needs of US Forces
without prior conclusion of treasury agreements as to
terms and conditions. SCAEF now exercises control over
these currencies with the War Office acting only as
SCAEFS agent. The Financial Branch, G-5 Division, SHAEF,
is the Staff Division charged with responsibility to
SCAEF on these matters.

Present holdings of the 3 currencies are as
follows:

4, 300, 000, 000 Belgian Francs,
81, 500, 000 Dutch Florins,
114, 170, 000 Norwegian Kroner.

All of these amounts are in currency and coin,
and no bank credits are included. A further 125, 000,
000 Belgian Francs are expected to be made available
by May 15th. In addition, the Belgian Government has
advised the War Office that it will make available to
SCAEF, for the same purposes defined above, a credit

CM-IN-6821 (10 May 44)

THIS DOCUMENT CONTAINS INFORMATION S-E-C-R-E-T

INTERNATIONAL DEVICES OF THE

WITHIN THE MEANING OF THE

ACT OF 1950 AND 38. THE

OF THE REVELATION OF ITS CON-

TO AN UNAUTHORIZED

PERSON IS

COPY NO.

REPRODUCTION OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN

PROHIBITED BY LAW.

WAR DEPARTMENT
CLASSIFIED MESSAGE CENTER
INCOMING CLASSIFIED MESSAGE

S-E-C-R-E-T

From: CG Supreme Headquarters, Allied Expeditionary Forces, London England 2

To: War Department

No. S 51549 9 May 1944

of one billion Belgian Francs at the Banque Nationale De Belgique upon arrival of the AEF in Belgium.

No Sig

Gov 40 is CM-OUT-30888 (2 May 44) CCAC.

ACTION: CCAC

INFO : CC/S
ASF
OPD
G-2
Adm King
Mr McCloy
Log

CM-IN-6821 (10 May 44) 0033Z vhm

S-E-C-R-E-T

"THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE ACT, CHAPTER 30, SECTIONS 1 AND 39. THE TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW."

COPY NO. 22

THE MAKING OF AN EXACT COPY OF THIS MESSAGE IS FORBIDDEN

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

172
DIVISION OF
COMMUNICATIONS
AND RECORDS

RMN-348

This telegram must be paraphrased before being communicated to anyone other than a Government agency. (30-00)

For security reasons the text of this message must be classified
Chungking via NR
Dated May 10, 1944

Rec'd 12:47 p.m.

DEPARTMENT OF STATE
DIVISION OF
MAY 11 1944
COMMUNICATIONS
AND RECORDS

Secretary of State

Washington.

823, May 10, 5 p.m.

TO SECRETARY OF THE TREASURY FROM ADLER.

Re your 621, May 8. My 787 apparently garbled as it said T. L. Lasin liberty (not repeat not T. V. Vasin victory) is planning to return to United States for Monetary Conference. T. L. (repeat all) expects to leave in next few days but reply to my original inquiry still desirable. For your information have told him that have not yet received reply.

In addition to T. L. Wei Ting Seng is joining Chinese delegates already in United States to represent China. Wei economist and member of Legislative Yuan eccentric mediocrity.

GLUSS

RB
MRM

DEPARTMENT
OF
STATE

INCOMING
TELEGRAM

DIVISION OF ¹⁷³
COMMUNICATIONS
AND RECORDS

CONFIDENTIAL

EOC-394
This telegram must be paraphrased before being communicated to anyone other than a Government agency. (SC-00)

For security reasons the
this telegram must be paraphrased before being
communicated to anyone other than a Government
agency. (SC-00)

Chungking via N.R.
Dated May 10, 1944
Rec'd 3:25 p.m.

Secretary of State,
Washington.

816, May 10, 9 a.m.

TO SECRETARY OF TREASURY FROM ADLER.

DEPARTMENT OF STATE
DIVISION OF
MAY 11 1944
COMMUNICATIONS
AND RECORDS

A. United Clearing Board of American missionary, relief and educational organizations in China set up last week to ensure orderly selling of US dollar drafts, US Government bonds, et cetera, at open market rates. Contemplated procedure assumes Treasury specific licenses will be granted for sales which will be made to reputable organizations and individuals. Understand tentative arrangements have been made in Chengtu for sale of US \$140,000 a month for next few months at 100 to 1. Am informed potential market in Chungking would be considerably broadened if Treasury would grant specific licenses permitting transfers from blocked accounts of Chinese buyers to blocked accounts to credit of American manufacturers with whom Chinese buyers wish to place orders for postwar delivery. What would be your attitude to applications for

specific

-2-#816, May 10, 9 a.m. from Chungking via H.R.

specific licenses for such transfers from one blocked account to another.

B. Ministry of Finance has inquired of me for cost making available data on:

(1) Frozen Chinese assets in the US belonging to Chinese nationals, i.e. including Chinese Government assets.

(2) Frozen Chinese assets belonging to foreign nationals resident in China.

GAUSS

JT

MRM

INCOMING
TELEGRAM

DIVISION OF
COMMUNICATIONS
AND RECORDS

NMC-806

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

Cairo via War

Dated May 10, 1944

Rec'd 12:30 p.m., 11th.

Secretary of State,
Washington.

1224, May 10, 6 p.m.

TO ACHESON AND CRAWLEY ONLY FROM LANDIS SECRET

Conferences held between Moose, Landis, Gunter,
United States Treasury and Jordan, Bailey and Harrison
both MESC in Jidda were a signal failure so far as
supply and subsidy was concerned. British proposal
on subsidy is 10,000 pounds monthly and 31,750,000
riyals in goods of which 20,000,000 or more to be sold
by government to produce necessary cash for administrative
expenses. British proposal accords us about 3,500,000
riyals by way of Lend Lease goods. British furnished
subsidy in 1943 totaling approximately 79 million
riyals is 15 million riyals. Cutting this total
of 94 million riyals to 35 million forces economies
far in excess of our judgment as to possibilities
of performance by Saudi Arabian Government and seems close
to an effort to pauperize them and so make the
properly

-2- #1224, May 10, 6 p.m., from Cairo - via War

properly subservient through enforced bankruptcy. Jordan sees himself in the role of a Lord Cramer. Moose is coming to Cairo where he will frame a second tentative proposal for British. We have small hopes of its acceptance subject of course to ratification in Washington and London. In the event of failure suggest you authorize me to return to Washington with necessary technical advisers to lay the whole problem before you. Its proper solution outranks in importance any other single matter in Middle East intrinsically as well as being a symbol of practical possibilities of Anglo-American cooperation. We have not (repeat not) discussed bank of issue or provisi (*) ith British or Arabs. Incidentally British have now taken 17,500,000 riyals pilgrimage fees 1943 in payment of UKCC 20,000,000 riyal debt. Also UKCC has complete strangle hold on basic food supply situation to Saudi Arabia.

Please send copy of this cable to the President and Secretary of Treasury.

JACOBS

BB
CSB
(*) Apparent omission (serviced)

277 ✓

THE UNDER SECRETARY OF STATE
WASHINGTON

May 10, 1944.

Dear Henry,

In the memorandum I left with you at lunch last Tuesday on our conversations in London on Palestine and refugee problems, I mentioned that Mr. A. L. Easterman of the World Jewish Congress had promised to send me a more detailed memorandum on the subjects discussed at my meeting with him.

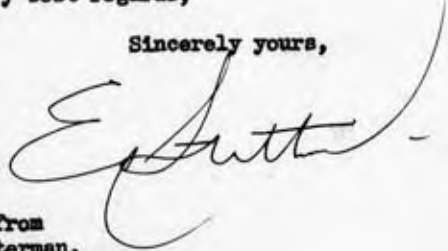
Mr. Easterman's letter has arrived and I am sending you herewith a copy of it, which I think may be of considerable interest to you.

With very best regards,

Sincerely yours,

Enclosure:

Letter from
Mr. Easterman.



The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.

(COPY)

WORLD JEWISH CONGRESS
European Division

AIE/HF/228.

CONGRESS HOUSE,
55, NEW CAVENDISH STREET,
LONDON, W. 1.
Telephone: Welbeck 1314

April 28th, 1944.

The Hon. E. R. Stettinius,
Under-Secretary of State,
United States Government,
American Embassy,
1, Grosvenor Square,
W. 1.

Dear Mr. Stettinius,

In accordance with your kind suggestion, the following is a summary of the points which Dr. Barou and I had the privilege of discussing with you at our interview on April 24th.

1. HUNGARIAN JEWS.

We referred to the message (copy attached) of April 11th sent to us by our Geneva representative, summarising the position of the Hungarian Jews now facing the same German terror as that of the Jews in other parts of Occupied Europe.

In accordance with the suggestions in this message, we urged that the Intelligence Services of the United States Government, together with the Intelligence Services of the other principal Allied Governments, should take all possible means to advise the Jews in Hungary to evade registration and identification by the Germans - the usual preliminary measures to placing the Jews in Concentration Camps for eventual deportation. For this purpose, Jews should be advised to destroy all identity papers and communal lists and to disperse.

We urged, also, that the Allied Governments' representatives should ask Marshal Tito's organisation to take similar measures in Hungary.

We informed you that we had made similar requests to the British Government.

-2-

We asked if you would be so good as to cable these suggestions to the United States Government and that the appropriate authorities of the United States Government should make repeated broadcasts to the Hungarian population to assist the Jews against German terrorism.

2. RESCUE.

Hungary.

As one of the few remaining avenues of escape for Hungarian Jews is across the Hungarian-Yugoslav border, we asked that Marshal Tito's organization might be requested to facilitate the escape of Jewish refugees from Hungary into Yugoslavia and to secure the protection of Marshal Tito's Forces.

France.

As rescue operations of a considerable character are now in progress between France and Switzerland, we urged that similar rescue action should be organized on as large a scale as possible across the French-Spanish frontier.

The World Jewish Congress proposes to send one or two competent and trustworthy men to France to investigate the position of the Jews in Southern France and to organize rescue measures. To make this work effective, it is important that the American Intelligence Services in Spain and Portugal should be given instructions to assist and facilitate this work. We should be grateful if this proposal could be placed before the War Refugee Board and the necessary instructions given.

We informed you that we had placed a similar proposal before the British authorities.

Turkey.

In view of the highly unsatisfactory attitude of Turkey towards facilitating the rescue of Jews from the Balkan countries, we urged that all possible pressure should be brought to bear upon Turkey to enable Jewish refugees to escape from the Balkans to and through Turkey.

-3-

The efforts of Jewish organisations, through various channels, to change the Turkish attitude have not been successful and it is most important that the United States and British Governments should make serious representations to the Turkish Government.

3. FINANCIAL ASSISTANCE.

The 10 Million Dollars credit scheme for relief and rescue, through the International Red Cross Committee, has not yet come into effective operation. Very inconsiderable funds have been placed at the disposal of the International Red Cross which has, accordingly, been unable to develop this relief action to any considerable extent.

We understand that negotiations have been proceeding between the American and British Governments with regard to the grant of licences for the transfer of currency to be used for the purchase of supplies and for rescue work in enemy-occupied territories, but we understand that the transfer of currency under these licences has not yet been brought into effective operation.

We urged that the operation of the 10 Million Dollars scheme through credit operations, viz: the borrowing of money on undertaking of repayment after the cessation of hostilities, should be developed. The tragic position of Hungarian Jewry makes it increasingly necessary to expend considerable sums if effective rescue work is to be carried out.

We consider it highly important and urgent, therefore, that this matter should be settled without delay between the British and American Governments and that the necessary cash or credit facilities should be placed at the disposal of the International Red Cross for the purpose. The lives of many thousands of Jews are dependent on these financial measures being put into immediate operation.

4. FOOD SUPPLIES.

In order to facilitate the work of the International Red Cross in supplying foodstuffs and medical supplies to the starving Jews in European countries, it is essential to establish a Food Depot in Lisbon and to allow the International Red Cross

-4-

the necessary licences to purchase food and medical supplies -- for example in the Argentine, and other South American countries -- for their transfer to Lisbon.

For this purpose, the issue of navicerts is vitally important.

5. JEWISH REPRESENTATION ON UNRRA AND THE UNITED NATIONS WAR CRIMES COMMISSION.

The World Jewish Congress considers it imperative that in respect of the particular necessities of the Jewish people, international Jewish organisations should have the right of co-operation with the above-named bodies in an expert and advisory capacity, to deal with the special Jewish aspect of the problems dealt with by these bodies.

It is appreciated that direct representation on these bodies, constituted as they are on a Governmental basis, is not possible. The World Jewish Congress urges, however, that their association with these bodies in an indirect capacity is essential.

Representations to this effect have already been made by the World Jewish Congress in London and New York, but so far little progress has been made. We urge you to be good enough to give this matter urgent consideration in view of the pressure of events and the imminent operation of the work of Unrra and the United Nations War Crimes Commission.

Yours sincerely,

A. L. EASTERMAN,
Political Secretary.

MESSAGE FROM GENEVA OFFICE OF THE WORLD JEWISH
CONGRESS RECEIVED ON 11th APRIL, 1944.

"From reliable sources we know that plans have been worked out by the German Government to control the economic life of Hungary by the establishment in Budapest of special German administration for sending workers and foodstuffs to Germany. Included in these plans are special provisions for the extermination of the Jews (numbering 800,000) by concentrating them all in three zones as follows:

- (1) The Heath of Zenta;
- (2) The Marshes of Mohacs; and
- (3) a place called Semendria at the Serbo-Croatian border.

The carrying out of this plan is to be completed within six months. Announcement has just been made of the usual preliminary steps - i.e. registration and the wearing of the yellow badge. This will be followed by arrest and deportation under the supervision of German S.S. guards who will deal with the Jews at the three isolated places referred to above as they have done in Poland. This plan, we suggest, should be denounced over the B.B.C. vigorously and repeatedly. We also suggest that the Jews should be told to seek refuge, both inside and outside Hungary, by all conceivable means or to join the partisans if possible. They should be warned not to make the same mistake as the Jews in Poland and the Netherlands, but to destroy in time all relevant lists of communities and to avoid registration. Officials and the population generally in Hungary should be encouraged again to help the Jews and to counteract all such German measures. Please also inform the World Jewish Congress in London."

May 12, 1944

Dear Mr. Stettinius:

In the absence of Secretary Morgenthau, I am acknowledging receipt of your letter to him of May 10th with which was enclosed a copy of Mr. Easterman's letter to you.

I shall bring this to Mr. Morgenthau's attention as soon as he returns.

Yours sincerely,

(Signed) H. S. Klutz

H. S. Klutz
Private Secretary

Hon. E. R. Stettinius,
Under Secretary of State,
State Department,
Washington, D. C.

CABLE TO AMBASSADOR WILSON, ALGIERS, FOR ACKNOWLEDGMENT FROM WAR REFUGEE BOARD

Please refer your No. 18 (Department's No. 1469) of May 5.

Matter referred to is being reviewed in light of existing circumstances.

You will be advised when a decision is reached.

This is WEB Cable to Algiers No. 9

May 10, 1944

10:40 a.m.

JBF:bhk - 5/9/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: AMREP, Algiers
DATED: May 10, 1944
NUMBER: 1423

CONFIDENTIAL

FOR ACKERMANN FROM WAR REFUGEE BOARD

Please refer your No. 18 (Algiers No. 1469) of May 5.

Matter referred to is being reviewed in light of existing circumstances.

You will be advised when a decision is reached.

THIS IS WRB CABLE TO ALGIERS NO. 9

HULL

PROPOSED CABLE TO AMERICAN EMBASSY, LONDON

American Embassy in Moscow has been informed of the contents of your 3641 of May 4 and has been requested to endeavor to have Russian broadcast in appropriate languages based on German and German-satellite countries transmit warnings to German and German-satellite military and civilian personnel carrying out deportation proceedings that they personally will be held responsible by the United Nations for their actions and the deaths that may result from deportation. The Russian Foreign Office is also being approached in an attempt to use its influence upon the satellite governments and populations by all possible means to cause their resistance to German demands for the deportation and persecution of minority groups under their control.

Please make similar endeavors with regard to the Ministry of Information and the Foreign Office. Please consult with Schoenfeld in this matter with a view to having Czech Government request Moscow to take all possible action to protect Czech nationals in Sub-Carpatho-Russia.

For your information, the OWI transmitters are carrying similar warnings. The Embassy at Ankara states that the Turk Consul at Budapest had sent the Foreign Office word that every Jew entering Turk Consulate there was arrested as soon as he left and transported to an unknown place.

The Vatican is being approached with a view to obtaining its support in applying pressure on satellites, particularly Hungary, in this matter.

Action being taken on your 3642 through Ankara.

MAY 10, 1944

5:10 P.M.

MSstanding:lsam 5-9-44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, London
DATED: May 10, 1944
NUMBER: 3735

SECRET

FROM WAR REFUGEE BOARD TO SCHOENFELD NEAR BELGIAN GOVERNMENT

Reference our No. 634 of January 28 and your No. 109 of March 4 concerning cooperation between Belgian Government and War Refugee Board for fulfillment of objectives set forth in Executive Order 9417 of January 22.

Following cable has been received from Minister Norweb in Lisbon:

In getting adults and children from occupied territory, representatives of Belgian Convention, Lisbon, are prepared to cooperate with War Refugee Board. However, instructions from the Belgian Government in London are desired by the Belgian Legation here. It is suggested that the Belgian Government be approached as regarding its attitude if the War Refugee Board agrees and the Department concurs. We suggest that information be furnished its representatives in event that it does not participate in program.

Please request Belgian Government to instruct its Legation in Lisbon to cooperate fully with Minister Norweb and Dr. Robert Dexter, War Refugee Board representative in Lisbon, as suggested in the above quoted cable. Please report result of your approach to Belgian Government.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMEMBASSY, LONDON
TO: Secretary of State, Washington
DATED: May 10, 1944
NO.: 3522

CONFIDENTIAL

Following is from Casaday for the Treasury and State Departments.

Today at 7 P.m. the House of Commons accepted without "division" notice of motion entitled as follows:

Monetary policy - that it is considered by this House that the statement of principles which are contained in Command 6519 provides a suitable foundation for further international consultation with a view to improved monetary cooperation after the war.

Lieutenant Colonel Walter Elliott (Conservative) who is looked upon as a strong Empire preference advocate laid down the notice of motion. Probably significant is the choice of sponsor of the notice of the motion. Sir John Wardlaw - Milne and Colonel Elliott gave the opening speeches supporting the motion but they criticized certain points in the White Paper. They were followed by numerous other speakers whose tone in general was critical or cautious. In a following telegram we will fully summarize the trend of their comments.

The debate was closed by Sir John Anderson with a sympathetic review of the background of the negotiations and a restatement of the objectives. Then he answered one by one, to the House's apparent satisfaction, the questions and criticisms which the members had advanced during the preceding debate.

It was explained by the Chancellor that the Government is not committed but that it intends to pursue the international consultation which in the motion "with a view to improved monetary cooperation after the war" is referred to above.

WINANT

ef:copy
5-11-44

PROPOSED CABLE TO AMERICAN CONSUL GENERAL, JERUSALEM

The American Embassy, London, has reported on the basis of a telegram received by its London representatives from the Jewish Agency for Palestine that of a large group arrested in Bucharest for their activity in aiding the escape of Jewish refugees from Hungary and other areas all but 30 have been released. Please have Jewish Agency authorities furnish Ambassador Steinhart, either through you or through their representative s at Ankara, all available details concerning these 30 persons and circumstances surrounding their detention.

London Embassy also reports deportation from Sub-Carpatho-Russia and persecution in Hungary. Please obtain from Jewish Agency names of Hungarian officials responsible and report to Department.

May 10, 1944
5:10 p.m.

RAKsin:MSStandish:jp

5/9/44

No. 399

Wellington, New Zealand, May 10, 1944.

AIRMAIL

Subject: Transmission of Newspaper Clippings on
Immigration Problems.

The Charge d'Affaires, a.i. has the honor to refer to the Legation's airgrams A-30 dated March 9, 1944 at 9 a.m. and A-41 dated March 29, 1944 at 10 a.m. with reference to the policy of the New Zealand Government in connection with the rescue and relief of victims of enemy persecution, and to correspondence between the F.E.A. representative in New Zealand and the War Refugee Board, and to enclose an editorial entitled "A Problem Which Should Be Faced" which appeared in THE DOMINION (Wellington) on March 21, 1944.

THE DOMINION editorial stated that the concern expressed by the Auckland Returned Services Association (the New Zealand equivalent to the American Legion and Veteran of Foreign Wars in the United States) over the acquisition of professional, business and industrial undertakings by alien residents of New Zealand is widely shared. Making reference to the Alien's Land Purchase Regulations issued in March 1942 which provide that no person may sell, lease or give land to an alien, the writer of the editorial advocates an investigation on a national scale of the extent and effect of alien infiltration.

There is also enclosed a copy of an article appearing in THE EVENING POST (Wellington) on May 9, 1944, reporting the statements of the New Zealand Prime Minister on the governmental policy towards post-war immigration. Mr. Fraser reiterates his stand that the rehabilitation of New Zealand fighting men must be the first consideration of the Government. He adds that afterwards there must be a proper and well-planned scheme of immigration, stating that New Zealand would first welcome its kinfolk from Great Britain and then perhaps people of other allied nations.

List of enclosures:

- No. 1. Editorial from THE DOMINION (Wellington) entitled "A Problem Which Should be Faced."
- No. 2. Article from THE EVENING POST (Wellington) entitled "Immigration Plans."

File No. 848

JJJ/alj. Original and hectograph to Department.

Enclosure No. 1 to Despatch No. 139, dated May 10, 1944, entitled, TRANSMISSION OF NEWSPAPER CLIPPINGS ON IMMIGRATION PROBLEMS.

SOURCE: THE DOMINION, Wellington, New Zealand, March 21, 1944.

A PROBLEM WHICH SHOULD BE FACED

The concern expressed by the Auckland Returned Services Association over the acquisition of businesses by alien residents of this country is being very widely shared. From time to time R.S.I. district executive bodies have drawn public attention to the problem, and have appealed for some regulating action to be taken, which will ensure that people who have been given sanctuary in New Zealand and who are being shielded by New Zealanders will not benefit unfairly at the expense of their protectors. But up to the present nothing adequate appears to have been done. The matter apparently is being allowed to drift along, regardless, seemingly, of the strong likelihood that an uncontrolled infiltration of European aliens into the limited fields of business and professional opportunity in this Dominion will create serious difficulties, and cause deep resentments, after the war.

Almost exactly two years ago the Government brought into force the Aliens Land Purchase Regulations, which provide that no person may sell, lease or give land to an alien - or to a company in which a third or more of the shares are held by or on behalf of aliens - unless the consent of the Minister of Justice has been obtained. To what extent these Regulations have acted as a check upon the alien acquisition of property, at a time when so many New Zealanders, serving in the armed forces, have no opportunity to establish a stake in their own country, has yet to be clearly disclosed. Nor has it been explained why an administration, which (after some considerable delay) agreed in March 1942 upon the necessity for a check upon land purchase, did not also deem it wise to extend the principle to professional, business and industrial undertakings. Of these different classes of investment it is probable that that of land acquisition constitutes the simpler post-war problem, for the State has ample power to acquire property for ex-servicemen and to thwart the speculator.

In professional, business and industrial investment, the position is much less determinate. Only by its licensing system does the State hold control over alien, or any other, enterprise of this kind. And inasmuch as aliens appear to have had little

- 2 -

difficulty in obtaining licenses for various classes of enterprise - by no means all of which can be classed as essential among wartime activities - a substantial number of them are already ensconced as potential competitors of our own men when they return to business life. So far as the public has been made aware, no special provision has been made to prevent such competition becoming a grave handicap to men, many of whom abandoned professional connexions, or disposed of businesses, in order to fulfil their Service obligations, and have now been out of touch with the affairs of their civilian life for more than three years. The proposal from Auckland that the extent and effect of alien infiltration into business should be investigated on a national scale, as a prelude to the wider examination of the problem, is a reasonable one. The suggestion that a Royal Commission be set up to deal with it is by no means extravagant.

Enclosure No. 2 to Despatch No. 339 from the American Legation, Wellington, New Zealand, dated May 10, 1944, entitled TRANSMISSION OF NEWSPAPER CLIPPINGS ON IMMIGRATION PROBLEMS.

Source: THE EVENING POST dated May 9, 1944.

IMMIGRATION PLANS

DOMINION'S FIRST DUTY
(Official News Service)

LONDON, May 7.

Sound planning as the essence of any future immigration scheme was stressed by the New Zealand Prime Minister (Mr. Fraser) in a statement in reply to questions whether New Zealand will need immigrants after the war. Mr. Fraser agreed that the need would exist. New Zealand would welcome people coming, but it must first provide for its own men in the forces. "We have had tens of thousands of our men fighting all over the world, and they have placed us under the same obligation in which the men of the United Kingdom have placed this country and the Americans have placed the United States. It is only right that they should be provided for first in the matters of employment and housing. Some of them have been away for 4½ years and their wives and sweethearts are awaiting their return. They will want to set up homes, and we want to give them the first chance of getting houses. It would be wrong on our part to encourage other people to come out immediately until we have housed our men and resettled them in their jobs. After that there must be a proper scheme of immigration, with consideration in the light of the entire world economic position and consultation and arrangement between the United Kingdom and the Dominions."

Speaking of the kind of man who might first be encouraged to settle in New Zealand, Mr. Fraser suggested the man who had fought in Britain formations like the Royal Armoured Corps and the Fifty-first Highland Division alongside New Zealand's fighting troops, men who mingled well and easily with our own, and in whom this comradeship in arms has bred a desire to go to the Dominion after the war. "Some of them want to come, and we want to have them, but in good conditions of housing and employment. With proper planning we could throw open our doors, firstly to our kith and kin of these British Isles, and then perhaps to people of other nations who have stood by us. One difficulty we face is that the kind of man we may need most urgently are the kind you in Britain may be most reluctant to lose. You have a tremendous rebuilding to do in this country. You will need all your building trade employees and tens of thousands of other skilled men for your own job of building up your nation again. We need building operatives very badly too,

- 2 -

and they are one of the classes of people we would most welcome." Regarding other types of workers, Mr. Fraser said there was a limit to New Zealand's agricultural development and it would be necessary to look to other industries to absorb immigrants. It might be desirable for industrial firms to establish themselves in New Zealand, thus bringing the machines as well as the men. But he reiterated that carefully planned rather than haphazard immigration was essential.

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

CABLE TO LISBON

From War Refugee Board to Warsaw

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

"Understand Allied Control Commission Naples agreed we Quakers station representative Naples under sponsorship Heathcote-Smith Intergovernmental Committee representative Stop We considering Arthur Greenleigh for this post and would appreciate your views Stop If you agree and Greenleigh decides go we would hope you could meet Greenleigh in Naples to organize refugee program Stop We arranging remittance \$10,000 to Heathcote-Smith for relief to refugees southern Italy"

THIS WEB LISBON CABLE NO. 20

May 10, 1944

4:00 p.m.

ME:lhb 5/10/44

AIRMAIL

No. 494

196

EMBASSY OF THE
UNITED STATES OF AMERICA

Lisbon, May 10, 1944

Subject: War Refugee Children from France in Portugal.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to enclose herewith a copy of note verbal no. 309 of May 8, 1944, delivered to the Ministry of Foreign Affairs on May 9. This note briefly summarizes conversations held with Dr. Malheiro Reisnópo, the official of the Ministry of Foreign Affairs who has been designated by the Minister to consider all questions concerning refugees. This Embassy found a very sympathetic hearing for its request regarding children and the enclosed note gives all details as they have been arranged up to the moment. Other problems will almost certainly present themselves but so far the coast seems clear so far as the Government of Portugal is concerned. It is requested, if the Department sees no objection thereto, that a copy of this note, together with a copy of this despatch, be transmitted to the War Refugee Board.

Respectfully yours,

For the Ambassador:

Edward S. Grecker
Counselor of Embassy

Enclosure:
Note Verbale no. 309.

300
ESD/ajl

Enclosure to despatch no. 494 dated May 10, 1944, from
the American Embassy in Lisbon.

197

COPY

No. 309

The Embassy of the United States of America pro-
tits compliments to the Ministry of Foreign Affairs and has
the honor to refer to its Note no. 268 dated April 18, 1944,
and consequent conversations with the Ministry.

It is the understanding of this Embassy that the Ministry
agrees to accept in principle the request of this Embassy to
admit a considerable number of children under 16 years of age
coming from France via Spain into Portugal, even though these
children do not have proper travel documents and are without
visas for Portugal.

It is the further understanding of the Embassy that for
the present the number of such children given Portuguese
hospitality shall be limited to three hundred at any one time.

This Embassy for its part agrees to furnish the Ministry
with as complete data as possible regarding each such child
prior to its proposed entry into Portugal, such data to in-
clude name, age, birthplace, and nationality of parents. It
is understood that in some cases all such data cannot be secured.

The Embassy also wishes to inform the Ministry that from
May 15 the children will be domiciled at the Victoria Club,
Avenida Marques Fomhel, Paço d'Arcoos. Temporarily the children
now here are at Penseo Morreiras, Paço d'Arcoos, until the
other premises are made ready for them. At least one additional
address will be used which will be sent you within a few days.

In all cases every effort will be made by the Embassy to
secure visas and transportation for countries of ultimate
destination in the shortest possible time.

It is requested that the Ministry arrange with the com-
petent authorities for the issuance of a "Cartão de Viagem"
for each child in order that necessary visas for departure
may be placed thereon.

This Embassy desires to express its appreciation of the
friendly cooperation of the Portuguese Government and the
Ministry in this humanitarian undertaking.

Lisbon, May 8, 1944.

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington.
TO: American Legation, Lisbon
DATED: May 10, 1944
NUMBER: 1319

CONFIDENTIAL

FOR WOOD AND DEXTER FROM MORGENTHAU AND PEHLE

Please refer your No. 1341 of May 3.

Pending final determination of scope of War Refugee Board operations in Spain Board does not plan to make disbursements of its own in Spain. If, however, situations arise in which you feel that Board should make disbursements please advise us.

This is WRB Cable to Lisbon No. 18.

HULL

**CABLE TO MINISTER NORMES, LISBON, PORTUGAL, FOR WOOD AND DEXTER FROM
ROSENTHAU AND PERLE**

Please refer your No. 1541 of May 3.

Pending final determination of scope of War Refugee Board operations in Spain Board does not (repeat not) plan to make disbursements of its own in Spain. If, however, situations arise in which you feel that Board should make disbursements please advise us.

This is WRB Cable to Lisbon No. 18.

**May 10, 1944
10:40 A.M.**

JBF:bbk - 5/9/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Lisbon
DATED: May 10, 1944
NUMBER: 1314

CONFIDENTIAL

FROM WAR REFUGEE BOARD TO MINISTER NORWEB AND DEXTER

Reference year 1292 of April 28, concerning cooperation between Belgian Convention, Lisbon, and War Refugee Board.

We have cabled Schoenfeld, London, asking him to request Belgian Government to instruct its Legation in Lisbon to cooperate fully.

THIS IS WAR REFUGEE BOARD NO. 17.

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Lisbon
TO: Secretary of State, Washington
DATED: May 10, 1944
NUMBER: 1410

CONFIDENTIAL

Over the friction between two Jewish agencies in Portugal the Embassy is as much disturbed as WRB. Although so far I have been unseccessful, everything has been done to bring JDC and Jewish Congress together.

Yesterday I interviewed Schwartz and asked him to forward his views as requested, but until he goes to Spain, he feels that he is unable to do so. On May 10, Schwartz departed for Spain and in about eight days expects to return. Some days ago I asked him for a report of people rescued by Joint under license which he promised, but so far this report has not been received by me. Schwartz claims as JDC cases all children and most of adults now in Spain.

A formal report is being made in writing by Weissman to Schwartz requesting joint financial assistance in Congress rescue program, but Schwartz will probably not answer until his return and then negative response is feared.

Amount in terms of Congress license should be made known to the Embassy as soon as possible. Much will be done to ameliorate the immediate situation if granted and the amount is adequate.

A former French Diplomat, Jacques Chattain who is vouched for by the Military Attache as reliable is now in Lisbon. Chattain states that the Congress is the only organization working effectively in getting people out of France. And if funds are available he states that Congress organization can rescue, at a cost of \$100,000 per month thirty to fifty per day. He is a voluntary worker and although a Catholic is directing the Congress organization in Spain. It is apparent that he has excellent cooperation in Spain with Spanish Red Cross and Fighting French Red Cross. For further details we refer you to WRB NO. 37.

We recommend either an increase of amount from Congress grant from WRB to Congress representative here for immediate use if Congress license not adequate. It is doubted by us if action will be taken soon enough here and possible opportunities may be lost, unless WRB can secure immediate action from joint officers in USA authorizing some of the hundred thousand dollar license to Congress for rescue work. In a limited degree I am in the meantime helping Weissman; his whole plan disintegrates otherwise. Although the Embassy believes Weissman to be honest he does seem to get results as he is impractical and visionary.

The foregoing message is WRB No. 29 and is in reference to the Department's No. 1289 WRB No. 16 transmitted May 8, 1944.

DCR:MAS:HL 5/12/44

NORWEB

CORRECTION OF PARAPHRASE OF TELEGRAM RECEIVED

From: American Legation, Lisbon
To: Secretary of State, Washington
Date: May 10, 1944
Number: 1410

CONFIDENTIAL

On page 2 in the 16th line of this message delete the entire sentence beginning with the word "Although and ending with the word visionary." and insert the following: "The Embassy believes Weissman to be honest and he does seem to get results even though he is impractical and visionary".

NORWEB

DCR:MAS:RM
5-13-44

WEB-659

PLAIN

Lisbon

Dated May 10, 1944

Rec'd 10:44 p.m.

Secretary of State,

Washington.

1410, tenth, e even s.m.

WEB 25

FOR WEB FOR TRANSMISSION TO CAHILL UNITARIAN
SERVICE COMMITTEE BOSTON FROM ELISABETH DEKTER

With Brooks leaving fifteenth for Africa,
Champsaur early June for three weeks Tangier, and
expected British personnel indefinitely delayed we
desperately shorthanded. How about Dorothy Quinn?
If delay due to lack communication from husband
suggest asking WEB send cable Algiers also suggest
asking WEB's help with passports and plane.
priority.

NORWEB

EDA
EMB

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: May 10, 1944
NUMBER: 1628

CONFIDENTIAL

TO AMERICAN EMBASSY, BERN

The War Refugee Board requests that you deliver the following message to Gerhard Riegner, 37 Quai Wilson, Geneva, Switzerland:

"We acknowledge receipt of your message of April 18th forwarded through American Legation. We discussed its contents with War Refugee Board.

Policy asking Hungarian population to hide and safeguard Jews has been accepted, and appeals are being broadcast in consequence.

We call your attention to important duties which International Red Cross may perform regarding Hungarian Jews detained or interned in camps. We trust that Hungarian Government may be induced to consider these Jews as civilian internees and permit these camps to be visited by Red Cross delegates and food parcels despatched to inmates. We expect your urgent and detailed report on this subject. World Jewish Congress, Leon Kubowitzki."

THIS IS WRB BERN CABLE NO. 15

HULL

AIRGRAM

FROM American Embassy

Madrid, Spain

Dated May 10, 1944

Rec'd May 20 11 a.m.

Secretary of State,
Washington.

A-188 May 10, 1944, 7:00 p.m.

CONFIDENTIAL Group of 221 French refugees sailed from Algeciras May 7 for North Africa, bringing to 906 total number of such refugees evacuated from Spain since beginning of year. It is estimated that approximately 650 French refugees remain in Spain as of this date, with new arrivals crossing frontier at estimated rate of 10 a day.

BUTTERWORTH

Copy to Algiers
NWB/jp

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: May 10, 1944
NUMBER: 1631

SECRET

TO MINISTER HARRISON, BERN, SWITZERLAND

The War Refugee Board requests that you deliver the following message to Isaac Sternbueh, Postfach 168, St. Gallen, Switzerland:

Doing utmost for Vittel internees. Hopeful. Advise us if detention place of deportees from Vittel known, also if you have details condition internees Elsen-Bergen and other internment camps.

Regarding proposed large number passports advise if after Vittel matter you have positive definite hopes such passports useful, since we question their effectiveness but ready cooperate on receipt report. Suggest you send funds Lithuania, Hungary, Rumania via couriers to Rabbis, scholars, religious leaders for use in redeeming themselves and communities from extinction through all possible methods. Advise if you have reports from couriers to Lithuania and Hungary. Vaad Hahatzala Emergency Committee, Rabbis Kotler and Kalmanowits.

THIS IS WRB CABLE TO BERN NO. 16.

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: May 10, 1944
NUMBER: 1632

SECRET

The illustrious Government of the United States is requested by the Honduran Government to transmit to the Swiss Government the following message:

The Swiss Government, in representation of Honduras interests before the German Government, is requested by the Government of Honduras to advise the Government of Germany that those persons possessing Honduran passports, or who accredit Honduran citizenship on the basis of consular documents, be safeguarded and that all the immunities, privileges, and rights accorded to civilians internees of enemy nations in accordance with what is established in the Geneva Convention concerning treatment of prisoners of war or which has application by analogy be accorded to those persons.

HULL

DATE: 20 AMBASSADOR BERLIN, AMBASSADOR, AMBASSADOR, FROM WAR REFUGEE

This is WEB Cable No. _____ 35 _____.

Your 45 to War Refugee Board of April 28 received. Accordingly, letter despatched to Turkish Ambassador requesting that the Turkish government advise German and other authorities in France that upon the assertion of a claim to Turkish nationality, the claimant is to be extended all the rights, privileges and immunities of a Turkish national unless and until, after investigation, the Turkish government advises such authorities that it has rejected such claim. It is further requested that the Turkish government postpone making adverse determinations of such claims until after the termination of the war. The Ambassador has been informed that this Government has taken a similar position with respect to refugees within German-controlled areas claiming American citizenship.

We further stated that, should the Turkish government find it possible, pending investigation, to bring about the evacuation from German-controlled areas of claimants to Turkish nationality who may be in danger, the Board will undertake to make funds available from American sources for their maintenance and support and will further undertake promptly to find havens outside Turkey for such evacuees whose claims to Turkish nationality are rejected by the Turkish government.

Please continue your efforts along same lines.

We also understand that many Spanish nationals in Greece are interned for deportation. We are urging Spain to take action similar to that asked of Turkey, but we suggest that you might support our action by urging Spanish Minister at Ankara who, we are informed, is handling the matter. We are also asking Vatican to intercede with Spain.

May 10, 1944
10:15 a.m.

Bakrmai jp 5/8/44

May 10, 1944
5:10 p.m.

PROPOSED CABLE TO AMBASSADOR STEINHARDT, ANKARA

THIS IS WEB ANKARA CABLE NO. 36

American Embassy, London, reports that it has been informed by London representatives of Jewish Agency, Palestine that deportation of Jews from Hungary and territories under its control has already begun and that 24,000 had been deported from Sub-Carpatho-Russia to date, in addition to general deportation of Polish refugees whose names are known to Hungarian police. American diplomatic missions at Moscow and London are being requested to endeavor to have the broadcasts from their respective countries in appropriate languages beamed on Germany and German-satellite countries transmit warnings to German and German-satellite military and civilian personnel carrying out deportation proceedings that they personally will be held responsible by the United Nations for their actions and the deaths that may result from deportation. Moscow and London have been asked to approach the Foreign Office in an attempt to have them use their influence upon the satellite governments and populations by all possible means to cause their resistance to German demands for the deportation and persecution of minority groups under their control.

For your information, OWI transmitters are carrying similar warnings. The Vatican is being approached with a view to obtaining its support in applying pressure on satellites, particularly Hungary, in this matter.

The essence of your 794 of May 2 has also been transmitted to London and Moscow. The Board hopes you will continue your efforts to have Turk authorities admit refugees from Balkans with or without transit visas. In this connection, if not already used in your approaches and if in your discretion it would not prejudice established movement of refugees from that quarter, you may wish to invite attention Foreign Office officials to the fact that they have reportedly admitted without visas large numbers of persons from Greece.

Embassy, London, further reports that Jewish Agency has informed its London representatives that of large group arrested in Bucharest for their activity in aiding escape of Jewish refugees from Hungary and other areas, all but 30 Jews have been released. Remaining 30 are about to be tried. Board has requested American Consul General, Jerusalem to have Jewish Agency furnish you either through him or through its Ankara representatives all available details concerning these 30 persons. If, upon receipt of information, you deem action advisable, please request Simond to communicate with Cretzianu and refer to assurances given by Cretzianu in his conversation of March 29 as reported in numbered paragraph 3 of your 561, March 30. While Board is not unmindful of release of majority of persons charged with aiding Jews to escape, it hopes that 30 detained persons will likewise be released and possible opportunity to leave Rumania given them.

MStandish:jfh 5-9-44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Embassy, Ankara
DATED: May 10, 1944
NUMBER: 409

CONFIDENTIAL

FROM WAR REFUGEE BOARD TO STEINHARDT

Please deliver the following message to Jacob Griffel, Hotel Continental, Beyoglu, from the Vaad Hahatzala Emergency Committee:

Cabled you twenty five thousand dollars to be used for rescue work only, not for maintenance. Advise us if received and details of your rescue program. Ready to send you further sums on receipt of detailed plans for rescue. Rabbis Israel Rosenberg, El Silver, Jacob Levinson, Aron Kotler and Abraham Kalmanowitz.

THIS IS WRB ANKARA CABLE NO. 32

HULL

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Ankara
TO: Secretary of State, Washington
DATED: May 10, 1944
NUMBER: 848

CONFIDENTIAL

Following is for WRB's attention.

It is requested by Barlas of the Jewish Agency that there be transmitted to Dr. Nahum Goldmann of the Zionist Emergency Council the following message:

It is my understanding that without my knowledge or that of the Ambassador, Griffel, Kastner and Klarman sent a cable to the Vaadhadatzala Emergency Committee of 132 Nassau Street, New York City, in which they requested that \$200,000 in Swiss currency be placed at their disposal at once, claiming that in the last five weeks they have successfully arranged for the sea transportation of about 1000 persons and that it would be possible for them to enlarge the movement with the money which they requested.

You are informed that the movement they referred to was arranged solely by the Jewish Agency with the active assistance of the Ambassador.

The persons sending the cable have taken no part in arranging for this movement and no funds are required by them. Moreover it is indicated by their cable that they are not familiar with the secret arrangements, of which you have been informed, that the Ambassador made with the Governor of Turkey to allow, on a restricted basis, a continued illegal movement.

My work will be undermined, I will be in trouble with the Turks and chaos will result if funds for rescue work are sent from America to anyone who asks for money. It is urgently recommended by me that unless requested by the Ambassador, a representative of the WRB, of the JDC, or myself, no funds for rescue work be sent to Turkey from the United States.

STEINHARDT

DGR:IDB:HL 5/15/44

PROPOSED CABLE TO AMERICAN EMBASSY, MOSCOW

American Embassy, London, reports that it has been informed that deportation of Jews from Hungary and territories under its control has already begun and that 24,000 had been deported from Sub-Carpatho-Russia to date, in addition to general deportation of Polish refugees whose names are known to the Hungarian police. The Embassy at Ankara states that the Turk Consul at Budapest had sent the Foreign Office word that every Jew entering Consulate there was arrested as soon as he left and transported to an unknown place.

Please endeavor to have Russian broadcast in appropriate languages beamed on Germany and German-satellite countries transmit warnings to German and German-satellite military and civilian personnel carrying out deportation proceedings that they personally will be held responsible by the United Nations for their actions and the deaths that may result from deportations. Please also approach the Foreign Office in an attempt to have it use its influence upon the satellite governments and populations by all possible means to cause their resistance to German demands for the deportation and prosecution of minority groups under their control.

For your information, the OWI transmitters are carrying similar warnings and the American Embassy, London, is being requested to make similar approaches to the Ministry of Information and the Foreign Office.

May 10, 1944

5:10 p.m.

MSandishilom 5/9/44

NOT TO BE RE-TRANSMITTEDSECRETOPTEL NO. 150

Information received up to 10 a.m., 10th May 1944.

1. NAVAL

A U.S. patrol craft sunk by U-Boat off Palermo 9th.
One H.M. Submarine reports having sunk 4,000 ton ship off
Andaman Islands 3rd.

2. MILITARY

Italy. Germans have withdrawn in mountains round
Palena, our forward elements are in the town.

Russia. Russians have captured Sevastopol and have
cleared Crimea.

Burma. Japanese have evacuated positions three miles
South West of Kohima but are still holding our troops due south
of the town where their strength is believed greatly increased.
On other sectors we continue to improve our positions and have
repulsed several Japanese attacks with disproportionately heavy
enemy casualties.

3. AIR OPERATIONS

Western Front. 8th/9th. Haine St. Pierre goods yards.
454 tons H.E., bright moonlight, excellent visibility, accurate
marking, good bombing concentration, good fires started, ground
defences negligible but much fighter activity.

Brest. Airfield and seaplane base 305 tons H.E.
Bombing appeared successful: intense accurate light A/A. No
fighters. 457 tons dropped on coastal batteries.

9th. 3,145 offensive and escort sort
flown. Fortresses and Liberators over France and Belgium
dropped total 1,138 tons on seven airfields and 400 tons on 3
goods yards. From incomplete reports, medium and light bombers
attacked seven transportation objectives in France, 235 tons and
383 rockets, 21 Military objectives, more than 200 tons coastal
gun positions and an ammunition dump 190 tons. Enemy casualties
in the air 7:0:1, ours nine bombers, nine fighters missing.

9th/10th. 641 aircraft despatched:
Foundry at Gennevilliers (Paris) 64, 5 missing. Coastal and
field batteries at eight places 412, 1 missing. Mosquitoes to
Berlin 30, ammunition dump Chateaudun 6, Sea-mining 25, bomber
support and Intruders 41, Leaflets 20, 1 missing. Ball bearing
factory Annecy 43.

TREASURY DEPARTMENT

1944 MAY 11 AM 9 53