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September 20, 1944
9:23 a.m.

HMJr: Hello.

Operator: Go ahead.

HMJr: Hello.

Lord
Halifax: Hello.

HMJr: Yes. Morgenthau.

H: Oh, good morning. Halifax here.

HMJr: Right.

H: How are you?

HMJr: Fine.

H: I'm very sorry to haunt you like this. Look here,
I saw Cherwell last night.

HMJr: Right.

H: And he -- he says that, subject to what you may
feel, that he would like me to come with him to
your meeting this afternoon.

HMJr: Right.

H: And nobody else. And that his idea was -- and he
thought it would be yours, too -- that we should
have an informal exploratory talk about how we
visualize the business being handled and that you
and -- what's -- Crowley and Stettinius

HMJr: Yes.

H: and Cherwell and me and nobody else. How
does that strike you?

HMJr: Well, they've -- Crowley wants to bring Mr.
Oscar Cox and Mr. Stimson wants to bring Mr.
Taft.

H: Oh

HMJr: And I want

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H: Mr. Crowley wants to bring Oscar Cox?

HMJr: Yes.

H: And

HMJr: And Mr. Stimson is -- uh -- Mr.

H: Stettinius?

HMJr: is bringing Mr. Taft and I'm having Mr. White.

H: Taft and White?

HMJr: Yes.

H: Well -- let's see -- very well

HMJr: It can still be informal.

H: Well, you -- let me see -- well, I suspect that that -- if you do that, of course, we'll have to bring people. And I should have thought that that would have -- would have rather altered the -- altered the kind of talk we should have.

HMJr: Oh, no.

H: Well, we shall all get into it -- we shall all get buried in detail.

HMJr: Oh, no.

H: Well, you

HMJr: You see I'm leaving tonight and I've got to have somebody carry on for the next couple of days. I'm due at Mr. Hull's at nine-thirty. Hello?

H: Yes.

HMJr: And you just sort of caught me with one foot in the elevator.

H: Oh, I'm so sorry.

HMJr: But I -- I think that this is all right.

H: Well, I'm sure

HMJr: Well, let me think it over and I'll call you up when I come back. How's that?

H: Yes, by all means. When would that be -- about?

HMJr: In about an hour.

H: Oh, yes. All right. Will you do that?

HMJr: Please.

H: And I would -- I'm sure we should -- we should think the other more likely to be

HMJr: Yeah.

H: more likely to be useful.

HMJr: Yeah.

H: But obviously you must -- you must think it over with your -- with your people if you don't feel that way.

HMJr: If I may.

H: Will you, and will you call me back?

HMJr: Definitely.

H: All right.

HMJr: I thank you

H: Thank you.

MEMORANDUM FOR THE SECRETARY'S FILES

Meeting in Secretary Hull's Office
9:30 a.m., September 20, 1944

Present: Secretary Hull,
Mr. Matthews of State Department.

Secretary Stimson,
Mr. McCloy of War Department.

Secretary Morgenthau,
Mr. White of Treasury Department.

The Secretary had requested the meeting for the purpose of reporting to Secretaries Hull and Stimson on his (Secretary Morgenthau's) participation in the Quebec Conference.

The meeting began by Secretary Hull pointing to a letter which he had on his desk which he said was an intercept from a high South American official to his Government describing a meeting at Welles' home of high Latin American officials in which American policy toward Latin America and toward the Argentine was discussed. Hull appeared to be quite angry at the fact that Welles "seemed to be operating a second State Department" unofficially and that the President could stop him but didn't.

Secretary Morgenthau described in some detail the sequence of developments and the highlights of the discussions that took place at Quebec in which he (Secretary Morgenthau) participated. He gave Secretary Stimson and Secretary Hull a copy of the memorandum on Germany initialed by Churchill and Roosevelt and described how the memorandum had been drafted. After his review of the discussions on the German matter he said that he would be happy to answer any questions but that he had given them the gist of all that had happened in the discussions bearing on Germany in which he participated.

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Secretary Hull asked whether the question of dismemberment had been discussed and Secretary Morgenthau replied that it had not been discussed in his presence. Mr. McCloy handed a map to Secretary Hull on which were drawn the boundary lines of the zones in Germany that were to be placed under control of U. S., U. K. and the U.S.S.R. Secretary Morgenthau said that the President had stated that he had held up the matter of agreeing on the zones until the last minute notwithstanding the pressure from the military people below. The President had wanted the British to be in charge of the Ruhr and the Saar so that they would have to implement the policy which was outlined in the memorandum initialed by Churchill and

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himself. Mr. McCloy added that Austria was to be governed by a combined commission of U. S., U. K., and the U.S.S.R.

Secretary Hull wanted to know how important decisions on Germany could be reached without participation of the Russians. He said he didn't know how many important decisions were being reached of that character without the knowledge of the Russians, and that that might make things very difficult. Mr. Matthews said that it was his understanding that the Russians had agreed with the U. K. and the U. S. authorities as to the boundary lines of their zone of control and that the remaining area was to be divided between American and British governments. Secretary Stimson mentioned, however, that the decision with respect to the Ruhr was a matter of broad economic ramifications and he presumed that Russia would be interested.

Secretary Morgenthau made clear that Churchill at first opposed the Treasury plan of handling the Ruhr and the Saar and described how Churchill reversed himself the following day and how Eden had objected strenuously to Churchill's reversal. He repeated Churchill's remark to Eden that "If it is between the British and German people, I am for the British... and I don't want you running back to the war cabinet trying to unsell this proposal before I get there. I want to talk to them first about this."

The Secretary handed Secretary Stimson and Secretary Hull copies of the memorandum on lend-lease aid to Britain and the accompanying directive initialed by the President. The Secretary pointed out that the memorandum on lend-lease aid was not drafted until the final day, and that Churchill had agreed to the policy on Germany prior to the final drafting of this memorandum. He explained that the President was about to approve of the request which the British made for lend-lease aid when he interposed and recommended that a committee be appointed to consider the matter. The Secretary pointed out that he was successful in getting the matter turned over to a committee though the committee would have to act in accord with the oral conversations between Roosevelt and Churchill on the matter. The Secretary said that if he had not been there the decision would have been made right there without being referred to a committee. Hull commented that that was a good piece of work-- to have the work turned over to a committee. Secretary Morgenthau informed them that the President had, in writing and orally, asked him to be chairman of the American committee. The Secretary invited Mr. McCloy to attend the meeting that afternoon at 2:30 as an observer.

Secretary Morgenthau described that Churchill seemed to be interested solely in the lend-lease arrangements whereas the President was thinking of policy toward Germany and was not very interested in lend-lease arrangements.

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McCloy said he knew how England's interest in lend-lease for Phase 2 originated. The British sent one of their old battleships here to the United States and they submitted a request for repairs which would have meant the saving of a few steel plates and virtually the building of a new modern battleship equivalent to our most modern one which would be ready in three years instead of undertaking some repairs which would have put the battleship into condition for fighting in six months; that the U. S. Navy opposed building up the post-war British Navy with lend-lease money.

Secretary Hull was very disturbed by the fact that the President made the decision on lend-lease with Britain without prior consultation with the men who had been working on the problem for a long time. He said that there were a number of matters with respect to commercial policy which they were trying to get from the British and which the British were running away from, and that they were delaying decisions on the lend-lease aid to Britain during Phase 2 in the hope of getting the other matters settled first. Now, however, the President had given away that bait.

I said that the directive and the accompanying memorandum could be interpreted so as to permit some flexibility of decision so far as the Americans were concerned in the amount and character of lend-lease aid that could be given the British. I mentioned that the British wanted to leave as little flexibility as possible for the committee's decision because they were quite content with the President's promise of the specific magnitude mentioned in the memorandum. Secretary Stimson, reading the memorandum over, said: "Yes, there may be some flexibility, but not much."

Secretary Morgenthau then briefly described what happened with respect to the letter of recommendation that this Government go ahead with consummation of the negotiations of lend-lease aid to the U.S.S.R. The Secretary said that he was in a fog on these matters; that he had not been following them personally and had not raised the question at the Conference but that the President had asked him to discuss the matter with Secretary Hull. He said he thought that from what Harry Hopkins had told him some time previously that he (Harry Hopkins) had drafted the letter which went to various departments. His understanding was that the cause of the letter was the cancellation of some lend-lease material to Russia by the Army. Matthews said that that was his understanding also. The President had asked Secretary Morgenthau to discuss the matter with Secretary Hull and Secretary Stimson. Secretary Hull said that the negotiations had gone so far he didn't see how they could be stopped nor did he think that the letter referred to above meant to stop the con-

cluding of the negotiations with Russia on the matter under consideration. Mr. Matthews said that on receipt of the letter they had checked with Harry Hopkins and Hopkins had said that the letter was not meant to apply to those negotiations.

Secretary Morgenthau then referred to the memoranda which had been sent to the President on lend-lease to France involving substantial amounts of lend-lease aid to France which seemed to be for purposes of reconstruction rather than for conducting the war.

The Secretary said that the State Department had sent a memorandum to the President recommending the signing of agreements and that Harry Hopkins had also sent a note to the President recommending the agreements. The Secretary said that he wasn't up on the matter and so he had asked to telephone Bell to ask where the Treasury stood. Dan Bell had sent him a cable stating the Treasury's disapproval of going through with the proposal. The Secretary said that there was some confusion inasmuch as Hopkins had taken the position that the signing of the agreement did not tie the President's hands whereas Bell in the cable said that it would tie the President's hands. Moreover, the Treasury felt that it was not the intent of Congress to permit lend-lease funds to be employed for relief or reconstruction purposes after the cessation of hostilities. Secretary Stimson said that he participated in the committee hearings in the first Lend-lease Act and subsequent ones and that it was his opinion that the purpose of the Lend-Lease Act was not to provide funds for reconstruction and rehabilitation. The fighting will have virtually stopped in France soon and to provide large sums for relief or reconstruction would, in his judgment, be not in accord with the purposes for which the Lend-lease bill was passed. The Secretary pointed out that that was the Treasury's position. Mr. McCloy said that the President himself had directed and approved negotiations with the French calling for negotiations on lend-lease aid such as was contemplated. He said that the Treasury likewise had approved the draft of the specified arrangements with the French. Secretary Morgenthau said that there was apparently a good deal of confusion about the matter and so he had recommended to the President that decision on the matter be postponed until an opportunity was had to reexamine the matter. Secretary Morgenthau also added that the President did not want his hands tied in his dealings with the French and that Churchill, who was present at the discussion, was also strongly opposed to giving lend-lease aid to the French. Secretary Hull commented that we would have to watch that situation because that might mean that the British were cooking up something with the French; that Churchill in the past had talked against De Gaulle, on different grounds to be sure, but at the same time the Foreign Office was going ahead with negotiations of a different character.

The Secretary asked Secretary Hull how he would like to proceed on this. Secretary Hull responded, rather bitterly, that he was rapidly

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losing interest in the whole matter; that if he was to be kept out of the discussions and the decisions on matters of such an important character that he was losing interest in the whole business. The Secretary replied that he had wanted to report to Secretary Hull and Secretary Stimson as quickly as possible all that had happened in Quebec and that he had participated in. He said that, as he had told Secretary Hull upon his return from London, he would continue to interest himself to play an active part in considerations of policy toward Germany and the like so long as the President encouraged him to continue, and he proposed to continue until the President ceased to encourage him.

The Secretary said that he wanted to ask Secretary Hull's advice on a point; that in all of these discussions up there and here no mention was made of Secretary Forrestal. He wanted to know what Secretary Hull advised with respect to bringing Forrestal in on these matters. Secretary Hull replied that he would tell Forrestal "that his name had been mentioned." Secretary Morgenthau said that he thought Secretaries Hull, Stimson and Forrestal met once a week to discuss matters. The matter was left hanging.

Secretary Morgenthau suggested that White, McCloy and Matthews act as a committee to examine lend-lease matters with regard to France and Russia and to be prepared to report back to Secretaries Hull, Morgenthau and Stimson the following week. Secretary Hull commented that no time should be lost and the time was set for next Tuesday morning in Secretary Hull's office. Secretary Hull commented: "Well, the President has made these big decisions and it is up to us to help him out as much as we can."

The Secretary later told Mr. Matthews that if he would come over to Mr. White's office Mr. White would be glad to let him go over the file that he had in his hands and make any notes on it that he would care to make.

I told Jack McCloy that the directive which they had drafted was an excellent job and that we were quite pleased with it. He said, "You like it?", and I said, "Yes, very much." He said, "I have been talking to State Department yesterday on it and they are in agreement on all points except one, namely, the paragraph on economic control. I said, "That is a vital paragraph." He agreed. He asked the State Department to draft the paragraph as they wanted it and said that he would send a copy to us and we could go over the State draft with them. I asked what was the next step. He said that they were going to give a copy to the British and that they could give them everything except that paragraph. Then the British would offer their suggestions at the CCAC meeting, and he said, "I will ask you to be present so that you can participate in the discussions with the British." I said that that would be quite satisfactory.

H. D. White

Copy to Mr. D. W. Bell

September 20, 1944
11:10 a.m.

HMJr: Hello.

Operator: Lord Halifax.

HMJr: Hello.

Lord
Halifax: Hello.

HMJr: Mr. Ambassador.

H: Oh.

HMJr: Morgenthau.

H: Yes.

HMJr: Now, after coming back, and in view of the
discussion I've had over there with Mr. Hull
and Mr. Stimson

H: Uh huh.

HMJr: I'm more convinced than ever that we will
make progress if the people come who I mentioned.
Now, aside from that, if I didn't invite those
people, it's just going to make them unfriendly.

H: Yes, I see. You mean that if you were to tell them
now that you didn't want them?

HMJr: If I told them now, I'd have to tell them that
you didn't want them.

H: I see. Well, that wouldn't be very good. Would
it?

HMJr: I don't think so.

H: (Laughs) We're all human.

HMJr: And so I think that -- and if after the meeting
you want to say something to me, or Cherwell
does, it's

H: Yeah.

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HMJr: If you care to stay behind, why, I'd be delighted to have you two gentlemen stay behind.

H: Yes. Oh, well, that's -- you're always kind like that. All right, and -- and I obviously can't press you against your judgment in that way and I'm sure Cherwell wouldn't wish to.

HMJr: I frankly think it would be a mistake.

H: Yeah. Well, we must take your judgment about it. Well, then I shall -- we shall bring with us whatever -- if we may

HMJr: Anybody.

H: limit it to not -- not less than two and not more than four, according to what I have to make up and that would make our team, as it were, six like yours. And if we may do it like that, and then if we want to say anything to you

HMJr: What are we going to do -- play handball?

H: What?

HMJr: What are we going to do -- play cricket or handball?

H: (Laughs) Well, we shall have the -- we shall have the same number on each side. (Laughs)

HMJr: All right.

H: Will that be all right?

HMJr: Quite.

H: And we come to the East door, your usual door?

HMJr: If you please.

H: Righto.

HMJr: Thank you.

H: And we shall, I hope, be quite informal.

HMJr: Oh, quite.

H: If, of course, you have anybody take any record of it, you will be good enough to give us a note afterwards to save our -- to save our -- to save any strain on our -- on our memories. But no doubt if we do want to record any conclusions -- we are lucky enough to reach them, you and -- you and Cherwell probably will be able quite easily to agree then. And I would like to keep it as informal as we can.

HMJr: Right.

H: Is that your thought?

HMJr: I -- I want to get on with it -- get results.

H: Yes.

HMJr: And if we do it through informality, I'm glad to do it that way.

H: Righto.

HMJr: Any way that will get results.

H: Righto.

HMJr: See?

H: Well, then I will -- we will -- we will be with you at -- at three o'clock.

HMJr: Right.

H: Good.

HMJr: Thank you.

H: Thank you very much. Good bye.

September 20, 1944
12:00 ~~A~~.

BANKERS' COMMITTEE

Present: Mr. D. W. Bell
Mr. Haas
Mr. Gamble
Mr. Murphy
Mr. Tickton
Mr. Lindow
Mr. E. E. Brown
Mr. R. B. Newell
Mr. Lawrence Arnold
Mr. W. R. Kuhns
Mr. J. K. Lohead
Mr. Robert V. Fleming
Mr. C. E. Spencer
Mr. W. R. Burgess
Mr. A. L. M. Wiggins
Mr. Heggeman

MR. BELL: This is what they have been working on. (Hands Secretary "Memorandum of Meeting of the Treasury Borrowing Committee, American Bankers Association, September 18, 19, 20, 1944.")

H.M.JR: Do they want to go through that now?

MR. WIGGINS: Very briefly, Mr. Secretary, it is a written report covering the agenda. We asked Mr. Burgess to write it out and submit it to the committee this morning. It meets our full approval, and with your permission--there are only three pages--I will ask Mr. Burgess to read it to you.

MR. BURGESS: (Reading) "The Committee reviewed various problems relating to the Sixth War Loan Drive with various Treasury representatives and Messrs. Eccles and Sproul of the Federal Reserve System. After a full discussion they reached the following conclusions with respect to the points on which they were asked to express an opinion:

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"1. The Goal: With excellent war news and actual and proposed cutbacks in employment the sale of bonds outside the banks offers increasing difficulties. The goal for the Drive also depends in part upon methods which are adopted with respect to free riding, switching of securities and other methods by which previous drives' totals have been swelled. If the drive is to be kept down reasonably well to bona fide sales to investors outside the banks, \$12 billion is as much as can be set.

"The Committee feels that serious abuses have arisen with respect to free riding with later sales to banks and with respect to switching from old securities into the new by means of sales to banks. We believe it is desirable that efforts be made to correct these practices and for that reason favor a lower rather than a higher goal. The high goal has a tendency to stimulate bad practices. If \$2 or \$3 billions of sales to banks are included in the goal, it then could easily be \$14 or \$15 billion.

"2. Dates: We suggest November 15 and three weeks following, with the thought of making the period a little less than in some previous drives and getting the drive out of the way well before Christmas. This would mean counting sales of Savings Bonds for the full months of November and December.

"3. Basket of Securities: We suggest approximately the same basket as for the Fifth War Loan.

"4. Deferred Payment for Insurance Companies and Savings Banks: We believe the practice of the Fifth War Loan should be followed.

"5. Should we attempt to reduce free riding? We believe a vigorous effort should be made to this end.

"(a) We think a down-payment of 25% is perhaps going to extremes and would interfere with some bona fide purchases, but the payment of 10% would be feasible and banks should be required to certify that they, or to the best of their knowledge other banks, have no interest in the subscription.

"(b) We believe bank loans to finance purchases should be restricted by policing and by assuring bank cooperation.

"(c) As we survey the needs of the Treasury through the balance of the year, we understand there will be need for some financing in advance of the Sixth War Loan Drive. We therefore suggest an increase in the bill issue by \$100 million a week for eight weeks, and an offering of about \$2 billion of 1-1/4% notes to the banks in advance of the drive--either October 15 or November 1. If this is done it would not be desirable to have any further bank financing until some weeks after the conclusion of the drive. On offerings to banks limits in relation to capital or deposits should be made.

"6. Withdrawals of bank deposits to purchase Government Securities: We suggest that this phrase is unfortunate. It would be a great mistake for banks to request any depositor to withdraw his deposit, but banks have followed the practice of urging their depositors to buy bonds and we believe the bankers can be even more effective in the Sixth War Loan than in the past in this regard.

"A pamphlet is being prepared and a meeting has been arranged in Chicago of the American Bankers Association War Loan Chairmen from all the States and preparations are being made for four regional meetings in different parts of the country in which the A. B. A. War Loan Chairmen will sit down with the Treasury Chairmen of the War Finance Committees and work out plans for solicitation of bank depositors in the Sixth War Loan Drive. In general, the methods employed will be those used in the Fifth War Loan Drive, but we believe can be made more effective.

"7. Bank Purchases for their Savings Accounts: We believe the drive offerings should be open to bank purchases for savings accounts on the same terms as in the Fifth War Loan Drive, except that we believe the maximum subscriptions should be 10% of savings deposits, or \$500,000, whichever is smaller, and there need be no reference to cumulative purchases from previous drives."

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MR. BELL: Is that an additional ten percent?

MR. BURGESS: Yes, in this drive, without relation to what we bought previously. The only reason last time was because we refinanced deposits, you see.

"8. Should dealer banks be permitted to deal in the restricted issues? We doubt whether the advantage accruing from this practice would be sufficient to offset its disadvantages.

"9. Treasury Bill Program: We think the accumulation of very large holdings of Treasury Bills in bank portfolios is getting to have an inflationary effect. The banks consider these bills as practically cash and they therefore tend to operate like excess reserves. This accounts partly for the huge purchases of Government securities by banks during the Fifth War Loan and for the tendency of money rates to sag away from the Treasury pattern. The result is an undue increase in bank holdings of Government securities and bank deposits inflationary in nature. It therefore seems to us that care should be exercised in future issues of bills to restrict their amounts so that they will not increase the inflationary pressure. Future bill issues should be in such volume that the bill holdings of commercial banks will tend to decline rather than increase until the money market is restored to a better balance. To carry out this suggestion, it is our opinion that the funds required by the Treasury in advance of the Sixth War Loan should be obtained partly from Treasury bills but more largely from a direct issue of other securities to banks. Our present thought would be, as indicated above, an increase in the bill issues of \$100 million a week for eight weeks and an issue to the banks of \$2 billion of 1-1/4% notes."

H.M.JR: Will you let me have that?

MR. BURGESS: Yes. We also considered, Mr. Secretary, the question you raised orally at our discussion yesterday with respect to recommendations and what type of appeal can be made which will work at a time when workers are being laid off and when the situation changes. We didn't

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attempt to write out our reply to that, because we didn't feel that with the consideration we have been able to give that very large question that we knew the answers to it fully. We recognize the problem. I think we had some difference of view among us as to how serious it is likely to be. Some felt that the redemptions would be very severe.

On the other hand, a number of us are a good deal encouraged by the attitude of the people as it shows itself in--well, in our savings deposits. Ned was pointing out that the savings deposits are going up very rapidly. That is true of banks all over the country, which indicates that people are in a savings attitude. The things you do about redemptions are the same as the things you do about an appeal to sell bonds. There have, of course, been various analyses of the reasons for redemptions. Lee Wiggins has had some made. One main reason is that they are a natural result and part of selling pressure. The more you put the pressure on, the more some people will buy more than they can hold, and say that is all right, that is part of the incidentals of any pressure selling program.

The second reason seems to be the need of funds, and that is something you can't do very much about. There is some indication of fear about the bonds; how much, nobody knows; and there is fear of the mounting debt, and so forth. It is one of those intangible things that nobody knows very much about. There is some cashing of bonds to put it into currency, but we don't think that is a very large factor yet.

We considered at the same time the thing we mentioned yesterday, this new type of appeal to a savings psychology that is employed in these advertisements that Wilson is getting up for the War Advertising Council at the request of Judge Vinson.

H.M.JR: Vinson?

MR. BURGESS: Yes.

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H.M.JR: You say Wilson is getting it up?

MR. BURGESS: E. B. Wilson, the advertising agency; he is doing it on behalf of the War Advertising Council and at the request of the Director of Economic Stabilization.

H.M.JR: I just didn't know the name.

MR. BURGESS: That is the one you are footing the bill for. We are meeting with Wilson this afternoon at two-fifteen. Our present feeling is that that is something the ABA might get behind and send out to all our banks with a covering letter of our own. That is the type of advertising that is calculated to make a new appeal to people along the line of savings and building up reserves and preparing for the future, as the direct military appeal tends to be somewhat less effective.

MR. FLEMING: There is one other point to be considered, and that is sending out a questionnaire to the banks in the country with respect to the reasons why bonds are being redeemed. We felt that with the contact after about three weeks--October 2--we might have a very good idea from a cross section of opinion.

MR. BURGESS: I think we will get some samplings on there that would be helpful, perhaps.

MR. BELL: Does that raise any questions in the minds of the public by asking them why they are redeeming their bonds?

MR. WIGGINS: Well, you really wouldn't do that, Danny. When a fellow comes in he gives you some excuse for it in most cases. It is a matter of observing.

MR. BELL: Most of the replies that we have received to a little slip that we have put in the envelope enclosing the check in payment for the bonds is to the effect that they need it for emergencies such as sickness, or they have to pay their taxes, have to pay their rent, or there is death in the family, or something like that.

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MR. WIGGINS: That wouldn't disclose the full facts I don't think, because in my little survey I found about seventy-five percent of the redemptions were the recurrent type. A fellow would buy a new bond and sell an old bond. He needed the money all right, but it was a recurrent item, and only about twenty percent really represented a need for money--an honest need for money, not related to a new subscription.

MR. BELL: Of course, those are the only types of people that wrote in, the ones who could really express in terms of emergency.

MR. FLEMING: Well, it wasn't our purpose to try to get the banks to make it too hard for them, but simply after three weeks experience we would ask the banks what their experience had been.

MR. BELL: Not to get them to ask questions?

MR. FLEMING: No, find out by themselves. You don't want to build a resistance to this. Otherwise they will say, "I won't buy any."

MR. WIGGINS: My experience is that everybody who comes in to cash a bond is apologetic, and he tells you why he is cashing the bond in. You don't have to ask him anything; he just tells you, wants to justify himself.

I might add one point, Mr. Secretary to the statement that Randolph made.... I made a trip through the West--was gone about four weeks. A lot of newspaper men talked to me and asked questions. That is one of the penalties of this job. I was struck with the question that so frequently was asked, "Is there any question about anything happening so that we can't get our money on these E bonds?"

I said, "Are you reflecting your own ideas, or those of people around you?"

He said, "Here and there people ask the question."

I personally think that the cashing of these bonds by the banks is going to be a complete answer to any question

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in the minds of the people about getting their money on the bond. I think that fear side of it is going to be largely eliminated. They will walk into the banks, and I think maybe we will be a little rushed at first; some of them will try it out, and then I think that will be accomplished in large measure. But it was a very general question. I was surprised.

H.M.JR: Now, Dan, how far have you gone with these nine things here that Burgess has mentioned?

MR. BELL: Well, that is what they have been considering for the last three days, and their report is in reply to that; it covers those nine points.

MR. BURGESS: Dan sat in with us on some of those discussions.

MR. BELL: Have you got the report from them? This is it right here.

H.M.JR: This is supposed to answer the nine?

MR. BELL: That is it. I think it does it. There is one question on the bills; the report seems to indicate that the committee is against the issuance of more bills for various reasons, inflationary, and so forth.

How did you arrive at the one hundred million dollars a week?

MR. BURGESS: Just as a kind of compromise.

MR. BELL: That is what I suspected.

MR. BURGESS: What we said about being opposed to it was, most of the bills that are issued will go into the Fed. The thing that we think is causing an inflationary and over-buoyant market is having the commercial banks hold too many of the bills, and we think they now hold perhaps somewhat too many. I would follow a policy that would result in cutting down a little in the commercial banks holding of bills. At the same time, we recognize

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that the Fed's holding of the bills will have to be increased somewhat over a period, because that is the logical way of putting more Federal Reserve money in, one of the logical ways.

MR. KUHNS: The currency increase of five hundred million a month--

MR. BELL: Between four and five, I guess.

MR. BURGESS: You are between Scylla and Charybdis on your money market proposition. You want a money market buoyant enough so that the issues look attractive, so there is a good ready market for them, and so forth, but if you make it too attractive, you encourage the free-riders and speculation. I think in the last drive that really went to an extreme. There are an awful lot of free-riders, and a great deal of disturbance about that, Henry, all over the country. The last time just too many got on the gravy train, and it isn't fair to the people that play the game.

H.M.JR: The ABA got out a letter.

MR. BURGESS: Well, the Treasury did, too. But there wasn't quite enough attention paid to it.

MR. GAMBLE: It was spotty. It happened in about five sections.

MR. KUHNS: We can't keep our spot clean if they keep playing the game in other sections. We had two customers who couldn't do it with us, so they did it in Baltimore.

MR. BURGESS: Some of the Reserve Banks were tight as a drum and handled the thing right up to the hilt, and some didn't.

H.M.JR: Is Atlanta still bad?

MR. BELL: One of the worst.

MR. GAMBLE: As bad as it has ever been.

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MR. BURGESS: That isn't just a problem of policing; it is a problem also of setting the stage. And if you have the money flowing around too freely and the bank excess reserves too high, it can be awfully hard to hold back the dam.

MR. BELL: Well, Doc, before the last drive do you think our bill program helped that speculation? After all, the reserves weren't so high as we went into the drive.

MR. BURGESS: The banks regard the bills practically as excess reserves.

MR. BELL: Didn't most go into the Fed?

MR. FLEMING: That puts excess reserves in the bank, though.

MR. BELL: But they didn't have excess reserves.

MR. FLEMING: That has that tendency to shift from a reserve-bearing deposit to war loan deposit; the war loan deposit stays there; there is that pressure.

MR. BELL: That came after the drive, your war loan reserves. But before the drive you had less than a billion dollars, as I recall, in your excess reserves.

MR. HAAS: That is right.

MR. BELL: And we had issued a billion six of bills.

Now, the reserves created as a result of those bills, which practically all went into the Fed, had been used to purchase securities other than bills, and it did create a buoyancy in the market. But the market didn't go up too much, it just made a nice feeling in the market. Now, did that cause the speculation because they didn't get the bills to go on speculating after the drive was over? Your war loan reserves caused the speculation after the drive was over.

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MR. SMITH: These Government bank portfolios are anticipating that now. They get busy and can pretty near tell you how much war loan deposit you are going to have on X Day, and want to play with it about two weeks before that.

MR. BELL: They anticipate that thing, so the brokers go out and buy on borrowed money, anticipating the large E reserves after the drive starts?

MR. BURGESS: That is right.

MR. BELL: Well, you have a speculation in there that is awfully hard to control, Mr. Secretary, the switching before the drive and during the drive. You might control some of the bank loans to the individuals that buy just for a ride during the drive. But to control these switches is really a problem, and I don't see how we can do it.

MR. WIGGINS: You can't do it in a free market.

MR. BURGESS: You can't control it, but it will be better if you cut down some on the commercial banks holding the bills.

MR. BELL: Then they sell certificates.

MR. BURGESS: Yes, but that is harder. There is an entirely different feeling about that.

H.M.JR: Well now, Dan, this meeting is a little bit earlier than we usually have it.

MR. BELL: That is to allow them to get the background before they go to the ABA meeting.

MR. BURGESS: It is very helpful, Mr. Secretary.

H.M.JR: Will you meet with me again?

MR. BURGESS: We will be happy to meet with you any time you want us.

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H.M.JR: When is your ABA meeting?

MR. BURGESS: Our preliminary committee meetings begin on Friday. I am going to Chicago this afternoon, and the others are going in today, tomorrow, or Friday. We will be through at the end of next week.

MR. BELL: You see, some of these gentlemen come all the way from the coast, and it is pretty difficult to get here because of transportation problems, and so forth. We had the two together, this meeting and the ABA, so they could travel once.

H.M.JR: The fall weather is very nice in Washington!

MR. BURGESS: This gets us, I think, fairly well set on the thing that we are mostly concerned about, which is our job here, the sales job. I don't think for that purpose there would be any special occasion for having the whole committee come to Washington. Now, if we can be helpful on the terms of the drive, and so forth, I suggest we do that with a subcommittee.

MR. BELL: There is a subcommittee on borrowing.

H.M.JR: Fine.

MR. BURGESS: We have a subcommittee of three or five on the terms of borrowing, and so forth.

H.M.JR: That will be good.

Well, you people are way ahead of me, and I am going to have to take some time and go to school on this. There is no use of my discussing it today, because I am not ready. But if you people feel that you have something important--

MR. BURGESS: We have, yes. We spent most of our time, Mr. Secretary on that question of our job in the drive. We summarize that in one paragraph here. We have given a lot of attention to it. We have talked to Ted, and we are very hopeful that the plan we have in mind

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will be more effective than in the Fifth War Loan Drive. We think we made a good start and really helped the drive in substantial measure. But we think we can be more effective this coming time.

H.M.JR: Well, unless there is something else--as I say, you people are several weeks ahead of me. If there is a subcommittee that I could meet with later, by that time I will be prepared.

MR. FLEMING: I think all of the members of the subcommittee are in this part of the world and can get here pretty easily, Ned, you, myself, and Charlie.

MR. BELL: There are five; all of them are in the East, yes. Ned, I guess, is the farthest one away.

H.M.JR: They might surprise you and come on.

MR. GAMBLE: There are some good people here from the West Coast.

MR. FLEMING: We agree.

MR. BURGESS: I really think the West Coast people ought to make a speech. They came a long way.

MR. WIGGINS: Our committee will be available at any time you indicate.

H.M.JR: I appreciate your coming, and the time and thought.

AGENDA FOR BANKERS COMMITTEESixth War Loan Drive

1. Goal. (We need \$16 billion. Goal can be under this sum. \$15B, \$14B, \$13B, or \$12B?)
2. Dates
3. Basket of securities
4. Deferred payments for Insurance companies and Savings banks
5. Should we attempt to reduce "free riding"
 - a. Require down payment of, say, 25%
 - b. Restrict bank loans
 - c. Have direct bank financing after Drive
6. Withdrawal of bank deposits to purchase Government securities
7. Bank purchases for their savings accounts
8. Should banks be permitted to deal in the restricted issues. If so, on what basis.
9. Treasury bill program

September 18, 19 and 20, 1944

9-20-44
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Memorandum of Meeting of the Treasury War Borrowing Committee
American Bankers Association, at the Treasury,
September 18, 19, 20, 1944.

The Committee reviewed various problems relating to the Sixth War Loan Drive with various Treasury representatives and Messrs. Eccles and Sproul of the Federal Reserve System. After a full discussion they reached the following conclusions with respect to the points on which they were asked to express an opinion:

1. The Goal:

With excellent war news and actual and proposed cutbacks in employment the sale of bonds outside the banks offers increasing difficulties. The goal for the Drive also depends in part upon methods which are adopted with respect to free riding, switching of securities and other methods by which previous drives' totals have been swelled. If the drive is to be kept down reasonably well to bona fide sales to investors outside the banks, \$12 Billion is as much as can be set.

The Committee feels that serious abuses have arisen with respect to free riding with later sales to banks and with respect to switching from old securities into the new by means of sales to banks. We believe it is desirable that efforts be made to correct these practices and for that reason favor a lower rather than a higher goal. The high goal has a tendency to stimulate bad practices. If \$2 or \$3 Billions of sales to banks are included in the goal, it then could easily be \$14 or \$15 Billion.

2. Dates:

We suggest November 15 and three weeks following, with the thought of making the period a little less than in some previous drives and getting the drive out of the way well before Christmas. This would mean counting sales of Savings Bonds for the full months

of November and December.

3. Basket of Securities:

We suggest approximately the same basket as for the Fifth War Loan.

4. Deferred Payment for Insurance Companies and Savings Banks:

We believe the practice of the Fifth War Loan should be followed.

5. Should we attempt to reduce free riding?

We believe a vigorous effort should be made to this end.

- (a) We think a down-payment of 25% is perhaps going to extremes and would interfere with some bona fide purchases, but the payment of 10% would be feasible and banks should be required to certify that they, or to the best of their knowledge other banks, have no interest in the subscription.
- (b) We believe bank loans to finance purchases should be restricted by policing and by asking bank cooperation.
- (c) As we survey the needs of the Treasury through the balance of the year, we understand there will be need for some financing in advance of the Sixth War Loan Drive. We therefore suggest an increase in the bill issue by \$100 Million a week for eight weeks, and an offering of about \$2 Billion of 1-1/4% Notes to the banks in advance of the drive - either October 15 or November 1. If this is done it would

not be desirable to have any further bank financing until some weeks after the conclusion of the drive. On offerings to banks limits in relation to capital or deposits should be made.

6. Withdrawals of bank deposits to purchase Government Securities:

We suggest that this phrase is unfortunate. It would be a great mistake for banks to request any depositor to withdraw his deposit, but banks have followed the practice of urging their depositors to buy bonds and we believe the bankers can be even more effective in the Sixth War Loan than in the past in this regard.

A pamphlet is being prepared and a meeting has been arranged in Chicago of the American Bankers Association War Loan Chairmen from all the States and preparations are being made for four regional meetings in different parts of the country in which the A.B.A. War Loan Chairmen will sit down with the Treasury Chairmen of the War Finance Committees and work out plans for solicitation of bank depositors in the Sixth War Loan Drive. In general, the methods employed will be those used in the Fifth War Loan Drive, but we believe can be made more effective.

7. Bank Purchases for their Savings Accounts:

We believe the drive offerings should be open to bank purchases for savings accounts on the same terms as in the Fifth War Loan Drive, except that we believe the maximum subscriptions should be 10% of savings deposits, or \$500,000, whichever is smaller, and there need be no reference to cumulative purchases from previous drives.

8. Should dealer banks be permitted to deal in the restricted issues?

We doubt whether the advantage accruing from this

practice would be sufficient to offset its disadvantages.

9. Treasury Bill Program:

We think the accumulation of very large holdings of Treasury Bills in bank portfolios is getting to have an inflationary effect. The banks consider these bills as practically cash and they therefore tend to operate like excess reserves. This accounts partly for the huge purchases of Government securities by banks during the Fifth War Loan and for the tendency of money rates to sag away from the Treasury pattern. The result is an undue increase in bank holdings of Government securities and bank deposits inflationary in nature. It therefore seems to us that care should be exercised in future issues of bills to restrict their amounts so that they will not increase the inflationary pressure. Future bill issues should be in such volume that the bill holdings of commercial banks will tend to decline rather than increase until the money market is restored to a better balance. To carry out this suggestion, it is our opinion that the funds required by the Treasury in advance of the Sixth War Loan should be obtained partly from Treasury bills but more largely from a direct issue of other securities to banks. Our present thought would be, as indicated above, an increase in the bill issues of \$100 Million a week for eight weeks and an issue to the banks of \$2 Billion of 1-1/4% Notes.

September 20, 1944.

MEMORANDUM FOR THE FILES

September 20, 1944.


I spoke to Ned Brown this morning regarding his answering Winthrop Aldrich in a speech Brown is planning to make on October 18, before the Commercial Club of Chicago.

He said that he was going to be very busy the next week or so, but that he would be glad to take on the job. He said that the Commercial Club of Chicago was a much better sounding board (so far as prestige is concerned) than was the Executive Club before which Aldrich had appeared. He pointed out that it would not be possible for him to make any attack on Aldrich, or to refer to him by name in his speech, but that he would meet squarely the points raised by Aldrich.

I told him that we understood that the Commercial Club might object to publicity regarding his speech, since they preferred that all such speeches be off-the-record. He said that he was satisfied that he could arrange for permission to release the text of his speech to the public. I told him that we would take appropriate measures to see that his speech got wide publicity in the same publications that had played up the Aldrich speech.

I suggested to him that we would be glad to prepare a first draft of his speech for him if he were busy and that we would keep it within the format of the article prepared for the University of Chicago published by him. He did not object to this proposal, but did state that he would try to get a draft of his speech to us within a week so that we might go over it. I sensed that he would prefer to write his own speech, and I am sure that he would do a good job if he did.

Brown later told me that he definitely would prefer to write his own speech but that he would clear it with us.


Cc: Messrs. Fred Smith, Bernstein, White, Mr. Gaston,
Secretary's file.

September 20, 1944
12:50 p.m.

BANKERS' REPORT ON BRETTON WOODS

Present: Mr. Smith
Mr. White
Mrs. Klotz

(The Secretary holds a telephone conversation with Mr. Alan Barth.)

MR. SMITH: I think that is the wisest decision you have made. I am going to breath easily now for the first time in twenty-four hours.

H.M.JR: This is confidential. You people may have known it, but you may not have known it either; it is certainly for your guidance. I don't want it outside of the Treasury.

Brown has just been in here. I don't know how much he has told you, but Leon Fraser told him that he has talked with Dewey and with his foreign affairs adviser, Dulles, and they very much want to keep Bretton Woods out of the political campaign. And the Republicans are very sorry about Aldrich having gone to Chicago. Get this: In the first place he was invited by the Chairman of the Republican National Committee. He thought he was going to the Commercial Club, which he didn't; he went to the Executive Club, which is a very second-rate club. He talked in the shadow of Hattie McCormack about exclusive aid and grant to the British. That is what Hattie McCormack

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doesn't want, and, furthermore, he talked about lower tariffs, which the Chicago businessman doesn't want. So all together the speech did much more harm in Chicago than good. He hopes he will keep it on a high plane so he will not make an issue, and the Republicans don't feel they have to answer it. Dewey doesn't want to get Bretton Woods in. Dulles has advised him to that effect.

If you have heard any of this, raise a finger.

MR. WHITE: I have heard it.

H.M.JR: Or if you have heard it, you can leave the room.

MR. WHITE: I will leave the room with an apple.

H.M.JR: I won't tease you, because I know how important it is. Randolph Burgess has changed in the last ten days. Ten days ago he was in favor of putting a resolution through the ABA which would have said that they were in favor of killing the Fund. He was very modest, but Mr. Percy Johnston, Mr. Will Potter, and Mr. Whitney of J. P. Morgan are now all for Bretton Woods.

MR. WHITE: The boys, then, did a good job up there.

H.M.JR: Yes, they have been working on Burgess. Leon Fraser has changed. He is not a hundred percent against the thing now.

The article which is going to appear in Foreign Affairs, written by Professor Williams, is not too unfriendly; they met all day Sunday, and the Federal Reserve Advisory Board is now for just leaving Bretton Woods alone until after the campaign. They think it can stand on its own merits. I thought if the ABA meeting leaves it out and the fact that Mr. Dewey wants to leave it out--it is all very good news.

MR. WHITE: It shows that they would regard it as a weakness if it were made a political issue, which is the reason some of us thought that it should be made a political

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issue, but at any rate, if they want to back out--

H.M.JR: You remember when Gaston told me that some of the people in the Treasury were very violently opposed to what the National Democratic Committee wanted to do and asked me how I felt about it, I said I didn't feel violent either way.

MR. WHITE: Fred was violently opposed.

MR. SMITH: I was violently opposed to trying to make a politician answer a banker on a so-called high plane, in which case you bring it into politics, because a politician is doing it and you don't get any of the virtues out of it.

H.M.JR: Well, Mrs. Morgenthau suggested that Brown answer Aldrich.

MR. SMITH: Which would have been good, except they don't do it on paid Democratic time.

MR. WHITE: Some of us thought we ought to throw this thing right into the political arena, forcing Dewey either to approve it--

H.M.JR: The trouble is, papers like the New York Times and all those papers will take their cue from Aldrich, and they all jump on it. It won't help the President at all.

MR. SMITH: I don't think it would.....

H.M.JR: It would just throw one more thing on him. It isn't going to gain him one vote. I don't think one person will vote for him on that. I mean, he won't get any new votes.

MR. WHITE: To digress a moment, Fred took a position yesterday that Dewey can only lose votes by talking, as most candidates do. While shopping yesterday my daughter overheard a conversation that she reported in which one woman in a very loud tone said, "I have been for Dewey, but if he keeps on talking the way he is, he will talk himself right out of my vote." It was complete proof.

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H.M.JR: Now, I have one other thing. Are you in contact and are you familiar with what the advertising firm of E. B. Wilson is doing?

MR. SMITH: I never heard of E. B. Wilson.

H.M.JR: I don't know why the heck they don't keep us posted. E. B. Wilson, this afternoon--and Ted knows all about it--is giving a presentation at which the Treasury is spending sixteen thousand dollars on anti-inflation. Now, why doesn't he tell you about those things?

MR. SMITH: I never heard of it. I keep trying to pull these things together all the time.

H.M.JR: I heard about it. If you saw it, you know, you would bring it to my attention. It may be good or bad.

MR. SMITH: Maybe that is why I don't see things.

(The Secretary holds a telephone conversation with Miss Patterson in Mr. Gamble's office.)

H.M.JR: O.K. But don't you think that that is very encouraging?

MR. WHITE: That is very interesting and encouraging. It shows the boys did a good job in New York, and the more these people study the document, the sorrier they are that they are opposing it. That is what Keynes told me. I think I have mentioned to you that Williams is quite sorry he stuck his neck out on this.

MR. SMITH: I heard two or three weeks ago that Elliott Bell is making a complete analysis of it.

September 20, 1944
2:30 p.m.

LEND-LEASE TO THE BRITISH - PHASE II

Present: Mr. White
Mr. McCloy
Mr. Cox
Mr. Currie
Mr. Taft
Mr. Crowley
Mrs. Klotz

H.M.JR: Lord Halifax is coming in at three with Lord Cherwell, formerly Professor Lindemann of Oxford. He is Mr. Churchill's one-man brain trust. He is very, very close to Churchill.

There are a lot of things in the fire, but the thing that they are coming down for is to set up this Committee to consider what the Lend-Lease is going to be for England. The point that I made was that we should have the English present their case as to their needs, depending upon the Pacific rather than do this thing on a slide-rule, flat percentage basis. He wanted to come in today, and didn't want anybody here but the principals. Well, I insisted that we have some people that I invited. Then he hoped it would be kept on an informal basis. First it was to be just Lord Cherwell and himself, then when he heard others were coming he said, "I will bring four so we will have six to six of yours." I said, "What is this to be, a cricket match?"

Now, I know there are a lot of angles and facets of this thing, some of which I am acquainted with and some of which I am not. They are evidently having quite a time setting up this Committee.

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of which I am not. They are evidently having quite a time setting up this Committee. I don't know why, but if it was agreeable to you people, I thought that the way I would like to proceed would be to sort of put them on the witness stand and ask them how much they wanted and why they wanted it, and then start in with whatever was agreed on at Quebec as to what they said they would contribute in the Pacific. Then we would expect the Military to testify, so to speak.

MR. CURRIE: Has it sufficiently crystallized so we can convert the Pacific into terms of munitions and terms of requirements?

MR. McCLOY: We had made an estimate of it before any decisions that came down from Quebec were given us. I don't know as I have gone over the minutes of Quebec that there is enough specific decision up there to alter that estimate that we made. I mean, the size of the fleet, for example, is still to be determined. So I don't think any decision made at Quebec enlightens us very much, although we have, informally, worked out what we think the program would be for continued Japanese assistance.

H.M. JR: The only thing that Lord Cherwell said to me was, "We have been going on the basis that the Pacific war would last twenty-four months. I have now been told that it will only last eighteen months." So he said, "We would cut it down by that much."

He is very keen and I find him wonderful to work with - very frank, very direct. He wants to know, too, what they need.

MR. WHITE: Mr. Secretary, a careful re-reading of the memorandum--

H.M. JR: Excuse me one second. The only other thing which I forgot to say this morning was that - we both forgot it - was in this thing - they were quite worried about this letter about sale for profit. Then they have asked me what that meant and I came back and told them - have you got that letter, Harry?

MBX
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(Mr. White leaves the conference temporarily)

H.M.JR: ...that we took it for granted that they would sell a bushel of wheat at cost plus transportation, plus storage, and that would be considered. He has written me a letter to that effect. He wants me to answer it. I said I would, to make it clear. I have been back to the President twice on that and I didn't want to go back a third time.

Harry, if I don't get a chance, I am going to suggest that you and Cherwell get together after this meeting and try to fix up that letter so I can sign it.

MR. WHITE: I have a draft of it now.

H.M.JR: We forgot that this morning.

MR. TAFT: The Prime Minister made that statement in his notes, or in the notes of the meeting. He is quoted as saying, "Naturally, no articles obtained on Lend-Lease would be exported or sold for profit." Is that what you are referring to?

MR. WHITE: That is right. They are questioning that. They are trying to twist that to mean you can't export for profit but you can export without profit.

MR. TAFT: The Prime Minister is the one who said it here. Did he get it from Sol?

MR. WHITE: No, the letter refers to an attempt to get an interpretation from us in writing of the meaning of that phrase.

MR. TAFT: Well, he said it - the Prime Minister.

MR. WHITE: Well, they are interpreting it and they want to be sure we are doing it the same way. They are interpreting it as "export for profit."

MR. CROWLEY: The encouraging thing to us was that what the Prime Minister said was - it is written here--

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H.M.JR: Yes, well, I was present. I haven't the original in my own handwriting. That thing "for profit" was added afterwards, Mr. Taft.

MR. TAFT: You mean just the words "for profit" were added?

H.M.JR: If you can get the original I will show you just how it was. I want my original carbon copy, Mrs. Klotz. I can show you just how it was done. I went back twice on that.

MR. WHITE: But the letter strikes me like an attempt to include in that interpretation something which I am sure the Secretary or the President--

H.M.JR: Look, this conversation between Roosevelt and Churchill was not dictated by either one.

MR. TAFT: Who did take the notes?

H.M.JR: No notes taken. Professor Lindemann dictated it in my presence, afterwards, and it was shown to them and they accepted it, but this was done from memory.

MR. CURRIE: Mr. Secretary, in our many discussions with the British on our proposed modification of the White Paper policy there was always an element of permitting the re-export of similar goods - Lend-Lease, or similar goods, in certain cases - provided that we were repaid... the cost.

H.M.JR: Look, Mr. Taft, I can show you how it was done.

They added "or sold" - that was the President. Then I had to go back the second time and say, "for profit," and that was the President.

MR. CURRIE: He meant that, "or commercially."

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H.M.JR: No, we told them they could sell. What they were trying to get - this was the President's contribution - he didn't want this stuff - the President said politically it would be unwise. He first said "identical thereto would be exported." They asked him what he meant. He said "exported or sold." That wasn't clear. Then he said, "exported or sold for profit." That wasn't clear. They wanted me to back a third time and I refused to. I said we would exchange letters on it. I said we wanted them to continue as they have in the past, but I wouldn't go back a third time. And he wrote me this letter, "My dear Mr. Secretary: As you suggested, I am sending this note to you to clarify the meaning of the phrase 'or sold for profit,' in the record of the conversation between the President and the Prime Minister on September 14. According to my recollection, you explained it merely meant not to sell Lend-Lease goods for more than the price entered in your books plus a reasonable allowance for transport and similar charges. I should be grateful if you could let me know whether this is correct. I do not know whether we are informed about the price of Lend-Lease," and so forth.

Now, that is the gist of the thing, do you see?

In other words, the idea was they should continue just as they are.

MR. WHITE: Until we change our minds.

MR. TAFT: The difficulty is that we have gone through - how long, Lauch, four months? - of negotiation and haven't gotten an agreement yet.

MR. CURRIE: Nine months.

MR. TAFT: Almost a year now since they started.

MR. COX: Wait a minute. These are two separate questions as I understand it. One is sell for profit, and sale in the U.K. has nothing to do with that.

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MR. TAFT: That has always been true.

MR. WHITE: And they are trying to twist this as though there were some doubt about that. I think it is a slick attempt in order to assume there was some question as to whether they could sell exports for profit or no profit when it assumes they could not sell exports at all.

MR. TAFT: Lend-Lease goods are simple enough. It is the "similar goods" that cause the trouble.

MR. CROWLEY: Do I understand they are coming here at three o'clock?

H.M. JR: Yes.

MR. CROWLEY: (To the Secretary) I think your thought of letting them present their problem to us and tell us what they think they are going to need, and things like that, is fine. Then if we can let you carry on the conversation so we don't get criss-crossed ourselves - one thing that these English do very well when they come into a conference, they have one chairman and they don't differ publicly. Then after they leave we can arrange to discuss it ourselves at some other time, or any way you want. But it would be better to let them come in and present the thing to us, and for us not to express our views, individually, in front of them.

H.M. JR.: That is a little hard, but may I say this - and I think you people have to keep this in mind - this is not for repetition, but the President wasn't willing to agree to their formula as stated in this memorandum. And when I interrupted him and asked him please to appoint this Committee to consider the thing, he did so. I think you have to know that.

Churchill knows that the President is willing to give them the works. Then this Committee is appointed, supposedly with the attitude that this thing at Quebec, this agreement, will be carried out cheerfully.

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MR. TAFT: Mr. Secretary, may I say it is especially important on this point we have been discussing to say nothing because it is an extremely difficult one through which we struggled for a long time, and I think we are going to have to sit down to some real thinking as to what we do want that interpretation to mean.

MR. WHITE: We say nothing in this letter.

MR. TAFT: I wouldn't say a word on it.

H.M.JR: See if this is all right - but there was so much agreed on there without the knowledge of what the groundwork has been here - and I am not referring to myself--

MR. TAFT: Your letter is all right, Mr. Secretary, so far as the domestic situation in Great Britain is concerned.

MR. COX: I am not sure that is even right.

H.M.JR: May I read this out loud? (Letter to Lord Cherwell from the Secretary, dated September 19, 1944)

"My dear Lord Cherwell: This is in reply to your letter of September 16, 1944 concerning clarification of the phrase "or sold for profit" as it appears in your notes of the conversation between the President and the Prime Minister on September 14. Without attempting a precise restatement, I have assumed that the agreed principles which have heretofore governed the sale or other disposition of Lend-Lease goods in the United Kingdom would be retained unless changed circumstances should make reconsideration desirable. In the latter event the subject could be reopened for discussion between our two Governments."

Now, I have passed my word on this thing.

MR. TAFT: You are not saying anything, then, about exports.

MR. WHITE: We are merely saying that whatever has been in effect shall be continued; if what is in effect is doubtful, then the doubt shall continue.

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MR. COX: I think it is a perfectly safe letter. The only question is what the full purport of their letter of September 16 is, because in terms of practical operations there has been a lot of stuff like food where you have a great deal of difficulty in telling whether it has or has not been sold for profit.

H.M.JR: Well, may I say this: We must, as Mr. Crowley says, work as a unit and not let these people set one off against the other as they have done so well. This fellow Cherwell is a breath of fresh air from the sea! You can get further with him in fifteen minutes than anybody they have sent over here since Purvis has been here. I assure you of that. You people who worked with Purvis know. He has direct access to the Prime Minister. Any troubles that we have had - I have told him some of them and he has already fixed them up.

Now, I don't know all these things that Mr. Taft has been talking about--

MR. TAFT: One other bench mark, Mr. Secretary, and that is that the British Army has actually made a request on munitions and the amount of that, therefore, is fixed, and wherever this figure of three and a half billion comes from, which is in the notes of the meeting, it bears no relation to what the British Army has already asked our Army. It is way beyond it.

H.M.JR: ...Which is beyond it?

MR. TAFT: Three and a half billion is greater. I think the other figure is a billion, seven.

MR. McCLOY The English asked us for - assuming a two-front war, Germany and Japan - they asked us for 1945, one billion seven hundred and eighteen million; assuming there was a one-front war - Germany was out of the picture entirely - they came in with one billion five hundred and seventeen million - only two hundred million less - plus any undelivered 1944 balances.

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MR. TAFT: Which is perhaps two or three hundred million.

MR. McCLOY: Yes.

MR. TAFT: That, however, excludes aircraft.

MR. WHITE: And the Navy.

MR. TAFT: So it comes up to about two and a half billion, which is the amount they have asked our Army for.

MR. COX: This is Navy, too?

MR. McCLOY: I assume it was twenty-four months for Japan. As we compute it, on a liberal basis, it would be nine hundred and eighty million if only Japan were involved.

MR. WHITE: For the Empire as a whole?

MR. McCLOY: That is right.

MR. WHITE: Includes Navy?

MR. McCLOY: That doesn't include Air, which brings it to about two and a half.

MR. WHITE: Careful re-reading of the notes of the conversation between the President and Churchill really leaves a great deal of discretion in the hands of the Committee, much more than I thought, on all points, the way it is phrased. You remember you stated that these estimates were submitted by the British. You said they needed to be examined. It was clear that the basis of your decision should be in specific needs and not on proportions. But whether you end up with three billion or two billion or four billion is, I gather from a careful re-reading of that, up to the discretion of the Committee.

MR. TAFT: I think that is true on the figures, certainly. The others are a little better, Harry.

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H.M.JR: I can assure you if I hadn't been there, there would have been no discretion.

MR. McCLOY: It is clear they were going to go through with the cut-back formula.

MR. CROWLEY: You have to keep in mind that you only have about seven and a half billion dollars, and at the rate you are going you will have just about enough money to carry you through the year - I mean, on our own figures that we are doing now it is running about six hundred million dollars a month.

MR. COX: Yes, but they have got three billion for the whole year, as I understand.

MR. CROWLEY: Financed how?

MR. COX: Out of FEA.

H.M.JR: If anybody there had had the figures it would have been most embarrassing.

MR. CURRIE: Where did you get these figures, Mr. Secretary?

H.M.JR: I didn't! (Laughter) Harry White said "Why don't we call up and ask them?" I said this is what the President wants to do. We will take this and say "based on the British," which gives me an out. Cherwell wouldn't try to slide by. He knows definitely that the British have to justify these figures.

MR. McCLOY: In terms of the Japanese war?

H.M.JR: Yes, sir.

MR. WHITE: Except that they gave some indication that they are going to try to pin us down to the amount which you mentioned there.

9/20/44-

Dear Lord Cherwell:

This is in reply to your letter of September 16, 1944 concerning clarification of the phrase "or sold for profit" as it appears in your notes of the conversation between the President and the Prime Minister on September 14th.

Without attempting a precise restatement, I have assumed that the agreed principles which have heretofore governed the sale or other disposition of Lend-Lease goods in the United Kingdom would be retained unless changed circumstances should make reconsideration desirable. In the latter event the subject could be reopened for discussion between our two Governments.

Your kind personal message is very much appreciated.

Very sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Right Honourable Frederick Cherwell,
British Embassy,
322 Massachusetts Avenue, N.W.,
Washington, D.C.

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FILE COPY

9/20/44

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Mr. White says that this was discussed
at Quebec, and a committee was appointed
to work on it. No answer will be made to
this letter.

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THE WHITE HOUSE
WASHINGTON

September 9, 1944.

MEMORANDUM FOR
THE SECRETARY OF THE TREASURY:
FOR RECOMMENDATION.

F.D.R.

RECEIVED
THE SECRETARY OF THE TREASURY
SEP 11 1944
U.S. DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRET

September 8, 1944

MEMORANDUM FOR THE PRESIDENT

Lend-Lease and General Economic Relations
with the United Kingdom in Phase 2^a

1. The most important international economic problem of the transition and post-war periods will be the situation of the United Kingdom: the sterling-dollar relationship, the change in Britain's creditor position, the prospects for British export trade, and the commercial and financial policies which she will adopt in the light of the situation. This problem has its long run aspect - associated with the loss of overseas investment; the probable reduction in shipping, international banking, and insurance earnings; and the difficulty of reestablishing and expanding British export markets in the post-war world. The main outlines of this problem have been developing for several decades, although war has accentuated the difficulties. It is the Department's view that it is in the best interests both directly of the British and of the world in general if this long run problem is attacked by the adoption of the British of a liberal commercial policy with foreign exchange and investment operations handled in accordance with the principles of Bretton Woods.

2. Nevertheless, strong economic and political pressures will be brought to bear upon the British Government to adopt restrictive policies of commerce and finance, and these pressures will be in considerable measure induced by pressing, critical, short run problems of British economic adjustment at the close of the war. The United States can contribute greatly to the possibility of Anglo-American collaboration in sound post-war economic policies and relationships and to the attainment of high levels of economic activity and international

CONFIDENTIAL

SECRET

- 2 -

commerce in and between the two nations and the rest of the world, by doing everything in its power to permit and assist Britain to enter "Phase 3" on as sound an economic foundation as possible.

3. The potentialities of Anglo-American and general international economic collaboration in the reconstruction and development of the world economy in "Phase 3" are large. They include the establishment of the Fund and Bank blueprinted at Bretton Woods, and the setting up of machinery for collaboration in the commercial policy field. Direct assistance, largely of a financial character, will in all probability be essentially on a loan and repayment basis. The institutions for carrying out these programs have yet in the main to be created.

4. In "Phase 2" there is more which we can do quickly and directly to set the stage for a favorable but slower development in the post-war period.

5. Turning first to the military situation, I must of course defer to the armed forces in matters of strategic policy and decision. Nevertheless it is clear that one of the most important objectives of United States policy must be to bring the British into the war operations in the Far East to the greatest possible extent. The advantages of such a course are obvious in producing an early end of the war, with the resultant saving in human and material costs. The disadvantages of the failure of the British to participate to the full in the war in the Far East deserve special emphasis:

a. Political - any indication that British participation in the Far Eastern struggle is at a rate below their utmost capabilities will produce immediate and hostile public reaction in the United States.

b. Economic - a great expansion of British exports with relatively weak British participation in the Far Eastern war will stir up the resentment of our export manufacturers and traders.

c. Lend-Lease - a failure to obtain full British participation in the Far Eastern military operations will be regarded as at least a partial failure of lend-lease policies and will create unfortunate circumstances in which to arrange for lend-lease settlement.

SECRET

d. General

d. General Post-War - all of these factors will combine to produce the most difficult of circumstances in which to attempt to build Anglo-American and general political and economic collaboration to face the problems of the post-war world.

6. The economic problem then in "Phase 2" will be to permit a reasonable degree of reconversion in the United Kingdom, to be divided among reconstruction, the satisfaction of domestic needs, and the reestablishment of exports to pay for the imports which are essential to the economic life of Great Britain. This must be done in such a way as to:

a. Meet the immediate British problem of avoiding economic disaster.

b. Avoid the creation of obligations that will later plague Anglo-American relations.

c. Reduce to a minimum tendencies towards the adoption of discriminatory trade policies by the British.

d. Be politically acceptable to the American public.

7. It has been indicated that in "Phase 2" American production for war may be reduced by as much as 40 percent with a resultant reconversion to meet domestic civilian demands as well as to permit some increase in commercial exports. It is essential that there be a synchronized British reconversion program. The strain of five years of war, with bombing, severe rationing, and the dislocation of life produced by national service, will require, from the point of view of any government in the United Kingdom, substantial improvement in the conditions of civilian life. The necessities of British physical reconstruction and balances of payments will almost certainly mean that British

civilian

SECRET

civilian standards will remain far below those in the United States. This should be recognized here as a laudable determination of the British to restrict consumption in accordance with the realities of their economic position.

8. If British reconversion is coordinated with our own, it will be right and proper, and it should be possible to justify to the Congress and the American people, to continue lend-lease aid on a reasonable scale to the British during the continuance of the Pacific war. It is my understanding that the British as yet have made no definite proposals for their overall lend-lease needs in "Phase 2", as they feel that the nature of these proposals must depend to a large degree on the strategic plans for the Far Eastern war. In view of the speed of military developments in Europe it is most important that we come to an early understanding with the British on this matter, so that a program of lend-lease can be worked out that will be fair to all concerned.

9. I therefore recommend the adoption of the following key economic policies with respect to the British in "Phase 2":

a. Synchronization of the American and British reconversion programs, recognizing that a greater proportion of the British productive capacity released from war production will be devoted to exports.

b. Maintenance of lend-lease deliveries to the United Kingdom in "Phase 2" reduced by about one-third overall. Lend-lease deliveries upon such a scale would recognize the continued British production for war, would not hamper reconversion in this country, and through the continuance of civilian items such as food (many items of which are likely to be in surplus in this country) would assist British reconversion without assuming responsibility for it.

10. These efforts to assist the British to enter "Phase 3" on as sound an economic foundation as possible must be accompanied by vigorous British efforts to join with us in pressing a world-wide program of multilateral reduction in barriers to international trade. The

Bretton Woods

SECRET

Bretton Woods agreements with respect to exchange manipulations, restrictions, and discriminations constitute a very important part of our commercial policy program. The British must be urged to implement these arrangements, and to join with us - through the Article VII conversations and otherwise - in thorough consideration of the remaining elements of our international economic program. It is of fundamental importance to the interests of the United States and to the establishment of the kind of economic conditions which we hope to see prevail in the post-war world that in formulating a lend-lease policy for "Phase 2" which will further these objectives we have assurances from the British that they will actively cooperate with us in achieving them. You are aware of the political situation in the British government which has impeded this, and I know you will agree that it is time that some forward steps be taken to resolve it.

SECRET

Copy to Lord 53
Cherwell &
White

September 20, 1944
10 p.m.

CONFERENCE WITH THE BRITISH - LEND-LEASE

Present: { Lord Halifax ✓
 { Lord Cherwell ✓
 6 { Mr. Brand ✓
 { Mr. Opie ✓
 { Sir Henry Self ✓
 { Mr. Hugh Weeks ✓
 { Mr. Crowley
 6 { Mr. McCloy
 { Mr. Taft
 { Mr. Cox
 { Mr. Currie
 { Mr. White
 { Mrs. Klotz

H.M.JR: Have you as many on your team as we have on ours?

LORD HALIFAX: I tried to get an even number. I produced six, and you have seven.

H.M.JR: Who is going to pitch for you?

LORD HALIFAX: I think we will have to make Lord Cherwell do quite a bit of that.

H.M.JR: He has done very well.

In the very little time I have had, I have been trying to tell these gentlemen what has happened. I don't know how much time you have had to talk things over, but, as you see, we are ready to start. I don't know how far you are, but if you care, whoever is going to speak--

LORD CHERWELL: I only got here last night, but I think there are some things we might get done, or at any rate we can find out what has to be done. We can decide

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what decisions this committee may have to make. If we can't make them, we might decide what they are.

Now, I take it we are here to implement the Quebec arrangements, to find out the details, or to work out in a little more detail how that is to be done. And it seems to me that the simplest way is to start with the non-munitions side.

It was agreed, I think, that Lend-Lease is to continue, and, therefore, it is a matter of how much we need in non-munitions. Broadly speaking, they consist of food, oil, which is to a large extent self-balancing, reverse lend-lease, shipping, a certain amount of raw materials, and a small amount of miscellaneous items. And they add up, as far as we can see, for the first year of stage two to about three billion dollars.

Well now, it seems to me that that could be agreed on very easily. If your people and our people got together and we had, say, a committee on non-munitions, they could agree whether that was a reasonable figure, whether it was right. I think we could persuade you that that was all right.

H.M.JR: Now, before I answer you, may I ask a question? Jack, how pressing are the requests of the British for munitions? I mean, is that a very pressing one?

MR. McCLOY: It is pressing from this point of view because if, say, the Germans should collapse next week, we would have to know how much to cut back. We would have to know how much of our production we would have to shift, and we have a plan now which was based on some estimates that we had which would be upped considerably if we took your figures, rather than our figures. And that rather depends upon Hitler.

LORD HALIFAX: You are talking about munitions?

MR. McCLOY: Yes.

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LORD CHERWELL: I was talking about the non-munitions.

H.M.JR: I know, but before I answer your questions, I wanted to ask Mr. McCloy how pressing the question of munitions is from the standpoint of the War Department. That was the purport of my question, and he was speaking on that.

MR. McCLOY: We have a rather definite program under-way, an understanding with our manufacturers whereby we will cut back to a certain degree if and when there is a German collapse. We would like to crystallize that as quickly as we can.

LORD CHERWELL: Yes, that, of course, is most important, and that is, of course, one of the reasons we were rather anxious to urge that this should be settled on the munitions side so that you shouldn't cut back, and then afterwards we should all say that it is a pity we couldn't get this or that.

MR. McCLOY: That is right. That is fairly pressing.

MR. TAFT: Mr. Secretary, does this include the U.K. and the Dominions, or is it only the U.K.--the figure that you have given?

LORD CHERWELL: It is roughly the whole Empire. But the committee would have to go into that; there are certain complications. But, broadly, I think you could say that the three billion ought to cover the Empire.

MR. COX: Mr. Secretary, it is going to be quite difficult on the non-munitions program to make up your mind until you know what the munitions program is, because a large part of this is war production materials.

LORD CHERWELL: I am hoping that things will go in parallel, but I was mentioning the non-munitions first because I thought they were the easier of the two.

MR. COX: But you have to know your postulate or assumption before you proceed.

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LORD CHERWELL: Yes.

H.M.JR: In the light of what these gentlemen say, would it be agreeable if we go forward with both munitions and non-munitions simultaneously? I gather there is only so much in the pot, and the figure that will have to be fixed first, I take it, Mr. Crowley, is the munitions figure.

MR. CROWLEY: That is right.

MR. TAFT: That represents our feeling about it.

H.M.JR: So you would like to see them go forward together?

MR. TAFT: As a criterion for the others.

H.M.JR: In the light of that, would you be willing to approach the thing, the whole matter, simultaneously, rather than advancing the non-munitions first?

LORD CHERWELL: We would prefer that, yes. I perhaps ought not to have put it in front in talking, but we want it to go together.

H.M.JR: Then I don't see any reason from our side why we couldn't approach the whole problem at once.

LORD CHERWELL: Yes. Well, there is a certain difference between the two that I can explain, I think. The thing is this: There is no question. On the non-munitions thing we just can't do anything much ourselves. We can't grow more food than we are growing, and we must have a certain amount of food to live. We are down already to eighty percent of pre-war, and we can't go much lower. In fact, we want to go higher, because the people have had four or five years of it, and they will expect some relaxation. So with the non-munitions, I don't think there is any difficult question, except questions of quantity. The munitions is, perhaps, rather more difficult, because broadly speaking, I gather--and I think you will agree--the intention was--at any rate, the President first agreed

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that broadly speaking we should get a sort of proportion to what we have been getting heretofore. But you said that that was not much good to the Treasury, "We want to know how many dollars and how many things we are committed on."

We then said we had worked it out so that instead of getting five point six billion dollars that we had in '44 in munitions, we thought we would be able to manage with three point four billion dollars in the first year of stage two. That figure was tentatively regarded as reasonable. Now, if that figure could be accepted, and it will have to be varied in the light of the decisions at Quebec, and may, I should think, very possibly be diminished--if that figure could be regarded as an upper limit, and the service and supply people could begin discussing exactly what proportion of munitions were wanted, and so forth, then I think we could go ahead with the munitions just the same as with the non-munitions.

H.M.JR: Well, as far as we are concerned, from what these gentlemen advise me, I think we could get ahead faster if we could approach the whole problem at one time, and I think that each person has his own problems. The fact that your people aren't getting enough to eat, which, of course, is an extremely pressing problem, and one that should be given very prompt consideration--but we have ours, which is in terms of human values not so pressing, and that is the one of cancellation of Government contracts.

But we take the question of the Combined Chiefs of Staff--I don't know how many days it will take to answer, but from previous experience, if you get anything under a month from the Combined Chiefs of Staff you are lucky. He isn't a member, so he doesn't mind my saying that.

MR. McCLOY: It goes right over my head.

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H.M.JR: He doesn't mind my saying that. Is that right?

MR. McCLOY: That is right, right over my head.

LORD HALIFAX: Mr. Secretary, may I interject one word in what you have just said, that you felt it would be helpful if what you call the whole problem--and you made a reference to the civilian condition in England--did you mean by that that it would be helpful if at this stage of the game Lord Cherwell gave a brief general picture of what the angle is from which we approach this general question, namely the position of our population in all sorts of civilian directions, and so forth, which imposes this necessity of coming to you upon us? I am sure that he would be happy to do that.

H.M.JR: Yes--well, the whole thing. I mean, it gets back to even a bigger program than that, Lord Halifax. It goes back to my conversation with both the Prime Minister and Sir John Anderson in England, and that is, you people have certain objectives in connection with re-establishing and regaining your world trade and your exports, and this is part of that picture. And to satisfy me, as one member of the American Committee, I am going to have to get all the information that bears on your economic picture. I want it all.

Now, talking for myself, as one member of the Committee, we can weigh this thing intelligently. It isn't only the food requirement, but it is the whole picture, food, munitions, ships, and whatever--

MR. BRAND: Exports.

H.M.JR: Your whole economic program.

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MR. TAFT: I was going to make one suggestion in Lord Cherwell's presentation. There has been some difficulty on our side where we have been talking figures, percentages, and absolute and relative amounts to adjust the figures that we have been talking about to the ones that have been mentioned up to date. The difference may be in taking a gross figure less reverse lend-lease, or it may be on some other basis. When you said three and a half billion on munitions, we couldn't fit it into anything. When you related it to a prior figure of five point six, we might not be able to figure out where you got the five point six, but at least it gave us some basis of deduction; and I think if you could indicate when you get to that point what the reduction is, as well as the absolute figures, then I think perhaps we can relate it to the figures we have been getting, even if they are a little bit different from yours.

LORD CHERWELL: Yes.

H.M.JR: You remember, we were talking both gross and net figures up there.

LORD CHERWELL: Yes, but, of course, gross and net only comes in really on non-munitions, because there is no reverse in munitions to speak of.

But as far as the munitions go, it comes to something like sixty percent of what we got last year that we want in the first year of stage two. We call stage two the Japanese war.

MR. TAFT: The same with us.

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LORD CHERWELL: And, of course, as I say, there might be people in America who say, "That wants justifying, because if you want less, as you obviously do, why can't you make it all yourself and not come to us?"

But I think you recognized in Quebec that the British public - we can't do it; it is politically not possible. As a matter of fact, our Service people wanted more and the War Cabinet decided they could not force the British public to do quite so much and they had to cut it back. They could not compel our people to maintain this war effort at the present rate. The civilian consumption is about eighty percent, over-all, of what it has been and what it was before the war. The average figure is seventy-nine, as a matter of fact. And, of course, in many things - most of the things that people notice - it is a good deal worse than that. The reason it appears not to be so bad is because food is such a big item, and food people just have to have. They can't live without it. So we have not been able to cut that so very much. I think food is cut to eighty-five percent.

But take, for instance, building. Normally we build three hundred thousand houses a year. Now, for four years, we have built practically none - dwelling houses. If these will be quoted, I would rather give them in writing to be sure they are all right, because I am giving broad figures. Now, we have had completely destroyed, irreparably damaged by bombs, on the order of three or four hundred thousand houses - absolutely dead out and have to be rebuilt. Then for two years there have been practically no repairs - very, very little in the way of repairs. Any repair facilities, any labor we could spare at all was used for repairing minor bomb damage. But minor damage, of course, goes into millions of houses. And, of course, our building labor has been enormously drawn upon for the services. Good strong men have been called up and put into the army. They have dropped - I think it depends on whether you count the engineers or not - but they have dropped to relatively half.

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Well, now, we must build. We can't let the soldiers come home if they haven't got any houses. If they have no place to live there will be a riot. We have got to do something about that.

Then, take clothing. We are running at about fifty-eight percent of normal and we have been running on that for three years - about a little over half the normal amount. Well, a good many people had some clothes in stock, but the poorer people hadn't much stock and what they had is all getting worn out. You can't go on like that for very long.

You take household goods - they are down to about thirty-two percent. We are getting one-third of the normal. I believe you haven't really lost much of those two, so far - your clothing and household goods. You are pretty well up.

Of course, gasoline is an absurd case because if you exclude the people like doctors and professional men we only have one and a half percent of the gasoline we had before. All the people who live in the country have to have a permit to use it at all.

But broadly speaking, our civilians have been very hard pressed. They have been hard pressed for a long time. Now, when we get the people back from the war we won't have the same power of directing labor that we had before. At present a man is told, "You go up and do this," but when you demobilize a soldier you can't tell him he has got to go and work in that factory. I don't think that would be feasible; it just wouldn't be practical politics. He expects to do what he wants to do.

I think it is permissible in this circle - it is not published yet - our plan for demobilization is this: People with a certain number of years - three or four years' service - ought to have priority in demobilization according to age and marriage. The key men that we want, that were taken out before their turn, are to be subject to direction so they can be directed into this or that or the

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other place and told, "You will have to go and work here and do that job; if you don't like it you can go back to the army, but if you are demobilized you have to do this." But the greater proportion of people we demobilize will be people with three or four years' service and we will not be able to direct them. So we will lose a lot of labor on that. I mean, we won't be able to use the labor for munitions, should we want to.

Then a lot of women have come in for patriotic motives doing half-time work, who will certainly give it up when their husbands come home. They will want to look after their homes. We reckon there will be a loss of something like eight hundred thousand women on that count alone. They will drift out. And it is very difficult to direct or force married women, especially over thirty, to go and work when they don't want to - when their husbands are home. I don't think it is practical. Then there is normal wastage in one way or another. We reckon that we will be very lucky, very lucky, if we can continue to make - I mean on the order of sixty percent of the munitions that we were making before. That is the absolute maximum we can hope to get. Well, if the figures that are being worked out are right, that will mean that we shall have to get from elsewhere something like three point four million dollars' worth of munitions.

Oh, the exports I have left out. That is one of the most important, though it isn't the most important in numbers, by any means. Our exports have dropped to thirty percent, in manpower and volume working on them, of what they were before. And if you take prices - fifty percent. Of course, that doesn't mean very much because we have to pay fifty percent more for what we get, so really we are down to one-third.

Even if we get our three point four, a billion dollars in munitions, we will still be piling up debts in the first year of Stage 2 at a rate of three billion dollars, I think, in the first year.

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MR. BRAND: External debt.

LORD CHERWELL: So that the best we are hoping - what we want to do is to put our civilian consumption back up to about half what it was. We want to get them up to ninety from eighty.

We won't get enough houses even to replace the ones that were wrecked by the bombing, and the household goods - that stuff goes up about half way. The exports we are aiming to get up to something like eighty or ninety percent of pre-war.

Well, now, when we remember that owing to the loss of our foreign income and our external liabilities, we have got to get a considerable increase on pre-war - something like fifty percent - if we are to pay our way. We aren't going there very far. And I think it was arguments of that type that persuaded you and the President. We didn't go into them in detail because they were more or less common knowledge, I think.

It was right not to raise the point - "Well, you ought to be making more; if you are going to need less for the Japanese war, you can do it all yourself," and to say, "We will give you roughly the same proportion you have been getting heretofore. We will let you raise your civilian standard a little bit."

Now if you like we could give you a rather more detailed thing in writing giving some of these figures. It is difficult to give them very accurately, but you can get them with reasonable accuracy.

H.M. JR: If I may say this - you and I are very frank with each other and the others will have to get used to it - from what you have said today, it doesn't allow me to go forward any in my thinking from anything you told me at Quebec, because you are still using the same figures.

LORD CHERWELL: They are right. We can't change them.
(Laughter)

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H.M.JR: You are right in your belief but you have done nothing to justify those figures, do you see? So I am just where I was at Quebec. You remember that in the memorandum we said we took them as your figures; I said I didn't have our figures. Things were moving so fast that if I started to call up people and try to get our figures - I just didn't have time.

Now, I would very much, for myself and I imagine for my associates, like to have the break-down as to these three billion three on munitions.

LORD CHERWELL: That could be done.

H.M.JR: I would like to have that very much because then I would feel I am beginning to make a little progress.

MR. CURRIE: May we have the same, also, for the non-munitions?

LORD CHERWELL: Yes, surely, in broad category.

H.M.JR: And then if we want to we will break them down into further segments. But if we could have those in writing - well, start and give us as much more as you can; then as each one of these people want more they will ask for more.

MR. TAFT: I wonder if it wouldn't be helpful if you pointed out our difficulty. We said before, the figures just don't jibe with the ones that I, as an outsider, have been given by those people who are supposed to know what the figures are. The over-all figure on Lend-Lease to the British Empire I had understood was seven and a half billion, not nine and a half billion.

H.M.JR: Now, don't talk of yourself as an outsider. Where did you get the figures?

MR. TAFT: I got those figures both from Lend-Lease and the Army.

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H.M.JR: But not from the British.

MR. TAFT: No. There is, however, one set of British figures which has been reported to me as having been given to our Army which is almost a billion out from three point four that you have given as the desired amount on munitions. That is why I think the Secretary's request for a break-down is extremely important, because the proportion is something that doesn't startle me at all.

The amounts are so far out from the figures we have been talking about that there must be some explanation that I think you had better get into your document in order to help us in advance.

LORD CHERWELL: Exactly. That, I think, would have to be done on a Committee of some sort, but I think probably the difficulty is - I have these sorts of troubles in England, often, usually as on one occasion you are counting the United Kingdom and on the other occasion you have the Reverse Lend-Lease put in or not put in.

MR. TAFT: That is why a break-down is very essential at this stage.

MR. WEEKS: I would very much like to do that, because we have compiled our figures from the information we have. On some things, we do know.

The further point I might add is that our figure - what we sort of call the starting-point figure, you see - of five point six for munitions is the 1944 figure; that is for the whole year.

MR. TAFT: The figure we had is four point five.

MR. WEEKS: It is what we understand to be the value of the accepted program in 1944.

H.M.JR: You see, Mr. Taft is quoting figures furnished him by people of the United States, and, after all, you are quoting your own; so there might perfectly well be a difference.

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MR. TAFT: All I was suggesting was if you could get some explanation of what the difference is in your first document we would move much further.

MR. WEEKS: The important thing is the relative figures.

MR. TAFT: I didn't say that. I said I wasn't shocked by the relative figure, whereas the other was so far out I was rather disturbed.

LORD CHERWELL: That we ought to get absolutely straight.

H.M.JR: The net result is that we all want some facts and figures. It really gets down to just how fast you people can furnish them. Any assistance which can be given by us - we are all available.

MR. WHITE: Mr. Secretary, at Quebec in the discussion I had with Mr. Weeks - I am not sure whether you were present - I indicated a number of items that the answers to which would be very helpful in expediting a decision. I don't know whether Mr. Weeks remembers the items I mentioned. I would be glad to supply them in writing. He thought that he could, given a little time, supply sufficiently rough answers - because the nature of some of the questions weren't sufficiently accurate.

MR. WEEKS: You mean--

MR. WHITE: The extent of your increase in peace-time goods, the extent of the increase in exports, increased employment, and things of that character.

MR. TAFT: The net transfer of employable persons from war production to civilian production.

MR. WHITE: There are about a dozen of those key questions.

LORD HALIFAX: Mr. Secretary, following what Dr. White has said, it would perhaps be helpful to us, if it was not

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out of harmony with your thought, if, pursuing your express desire for more information, you could have told us exactly what the points were that you would like elucidated.

H.M.JR: No, definitely not. I would like to approach it from the angle Lord Cherwell started. He said he was going to give us some information and then give us his first memorandum. If in that memorandum it doesn't cover the whole field, then we will give him additional information. I would like the English memorandum to come from you, if you don't mind my using the word, justifying or explaining these over-all figures. I feel quite emphatic about that.

LORD CHERWELL: One would be giving the break-down of the non-munitions, roughly, and the other would be the munitions. That we can get easily.

H.M.JR: And the minute we have it we will sit down and go over it ourselves, and then any information that is lacking we will give you partly in writing - additional information.

MR. CURRIE: It would also be helpful, Mr. Secretary, if we had some estimates of the probable exports and of non-Lend-Lease imports as part of the general economic picture.

LORD CHERWELL: Yes, well, that depends on who will buy the stuff, but there are a number of people whom we hope to get onto the export trade again. That we can get. And, of course, if we can sell it, we will be very pleased. All these things we aim at, but, of course, in the first year we don't get an awful lot.

MR. COX: Mr. Secretary, there is one major thing which I think will condition all these figures, and that is the estimated percentage of Britain's expenditures on the part of its economy that is put into the war. For example, if fifteen percent of their economy is in the war, and thirty percent of ours is in the war, there are certain things you can't do practically.

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H.M.JR: You don't mean those as figures today!

MR. COX: No, but as a central backbone that shows up in manpower, national government expenditures for war, and so forth. But I think you have to know their estimated proportion that is going into the war effort in Stage 2, based on whatever evidence you have on the thing.

LORD CHERWELL: I think we can get an idea, but it is very difficult to do anything comparative because so much depends on statistics. I think we reckon that we have got - I forget - I think it is certainly more than forty percent - I think it is nearer fifty, but I wouldn't like to say, offhand.

MR. SELF: The important part, I think you might say - would you regard repairing war damage as part of the war effort? It is an important point, because otherwise you get misleading comparisons.

MR. COX: It is perfectly obvious, as I understand the figures now, that roughly over fifty percent of your effort, without any quibble on statistics, has gone into the war. That is on terms of national expenditures for production of munitions - people that work in producing munitions and other things directly related to war in the same way as we figure our budget. Obviously both countries are going to reduce for the Japanese war the amount of their expenditure for directly connected war programs, but if you get two divergent things, irrelevant in your judgment, as to what munitions mean and what non-munitions mean - because you see the practical problem if you get a wide differentiation.

MR. SELF: You know that we have for twelve months, under the Combined Board, been trying to get a comparative picture of that sort. You also know that it has broken down every time because, if I may say so, frankly, sir, the comparison was so unfavorable to the U.S. that you didn't find a possibility of striking a comparable basis. My only point is that now Mr. Cox thinks he may have a point of operating the other way, and I think I am entitled to

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plead there is a difficulty of finding a comparable basis. What do you account the war damage is? In point of fact, with the small number of workers we released - say two or three million workers released - we have to switch a million onto war damages.

LORD CHERWELL: You take the direct effort in Phase 2; it will be between sixty and sixty-five percent of what it is in Stage 1. That is to say, if it is fifty percent now, it will be thirty percent then. I think it is much the same as your--

MR. TAFT: I don't see that you need to fear the comparison just because it is Stage 2 instead of Stage 1.

MR. WHITE: I don't see the need of making a comparison. All we need is your figures. We will make our own for ourselves.

MR. TAFT: I think it can't be anything but helpful to your side.

H.M.JR: The trouble with our side, we have not all been together. Now, thanks to this meeting in Quebec, you can deal with the American Government as one, and if you will deal with us as one and not as individual Departments, I think we will get ahead very fast. I have assured Mr. Churchill and Lord Cherwell we will only keep him here a couple of weeks to get the thing through and get him home. It is sort of a fresh approach, but if you will deal with us as one, and I think you know what I mean, we will get along very well.

LORD CHERWELL: I am sure we got the impression at Quebec you were only out to help us and you wanted to have the case reasonably presented so that if you were questioned you have your answers.

H.M.JR: That is right. I haven't changed one iota. But I need some fresh information. Now, when do you think reasonably that could be produced?

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MR. WEEKS: A break-down in munitions we could give you straight away, of course. But we think it will take two or three weeks before we shall get here the result of the working out in London of those decisions. There will be some substantial changes in requirements which will arise. We should, I think, when we get down to detailed presentation prefer to put the new figures in rather than confuse the matter with the old figures. It was part of the discussion, I think, that we should present the new figures.

MR. McCLOY: Would you think those figures would be greater or less than the figures you now have available?

MR. WEEKS: I think they will be less.

MR. SELF: Am I not correct in saying that so far you have only had ASP figures for the Army? You haven't had the air figures and the Navy figures.

MR. McCLOY: Haven't we had the Navy figures?

MR. TAFT: You have had Navy and Air according to my understanding.

MR. McCLOY: I understand exclusive of Air, but I thought inclusive of everything else.

MR. SELF: The Air is important.

MR. TAFT: The figure is two and a half billion including Air, Navy, and Army, which corresponds to a billion, seven, roughly, which Mr. McCloy has been talking about for the Army alone. I think that is right.

MR. WEEKS: This was what?

MR. TAFT: Requirements presented by your Army people to our Army people.

MR. WEEKS: I don't think we have ever put our figures in; I am quite sure they haven't been put in.

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MR. McCLOY: I have no record of any Air figures.

MR. WEEKS: The Army figures have been put in.

MR. TAFT: I tried to get them before this meeting and wasn't able.

MR. WEEKS: Our present position is that we put new detailed figures in on October 15; that is for the usual Air expenditures discussion. We should hope, on the more important things, to have them before the 15th.

LORD CHERWELL: I wonder whether, since this causes a big delay, if we could go on on the figures before the Quebec Conference? Then they could be altered in a fortnight or so by probably relatively small amounts.

H.M.JR: That would give us a start.

MR. WEEKS: Could we find, sir, whether the changes are going to be considerable? Because I think if there is going to be a considerable change it would cloud the issue; it would give the wrong atmosphere to the discussion.

H.M.JR: Are you asking me? I don't know.

MR. McCLOY: I haven't been able to interpret the decision at Quebec in terms of any lesser or greater program. I haven't been able to figure out from what was decided there.

LORD CHERWELL: For instance, these B-29's - I don't know about them. That is a big argument.

MR. McCLOY: I think that was left in the air!
(Laughter)

H.M.JR: Have we gone about as far as we can today?

LORD HALIFAX: What would your thought be on this last point? In the interest of time saving, would it be helpful if we gave you the fullest information that we

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could on the munitions as it stands, always with the proviso that revision will be necessary, perhaps, in the light of Quebec, and that we at the same time on our side try to hurry them up in London on what will be the principal points of difference. We could be doing that without prejudice to the other.

H.M.JR: I can't answer you. It might be a billion dollars, it might be two billion dollars apart. I am completely in the dark. I don't know. And if the figures that you give us are very large, then we get off to a bad start as far as non-munitions are concerned.

LORD CHERWELL: Yes.

LORD HALIFAX: We better have a look at that, I should think. If we can give you anything that we feel reasonably sure of, we will, and if we can't, we won't. And we will have to examine it further.

H.M.JR: I think the closer we can get to actualities on this thing, the better.

LORD HALIFAX: But we could, in any case, no doubt, I should imagine - I speak subject to the direction of others here - we could send you a good deal of the information of the sort you want about exports and the general civilian figures on which we have worked - and those are not affected, I imagine, by Quebec - those I think probably we could get ahead with, and also, generally, the background picture against which this is all seen - all that we can be doing, and I should hope we could let you have that in three or four days.

MR. WEEKS: I should think so, yes - a few days' time.

LORD CHERWELL: How about the non-munitions breakdown?

MR. WEEKS: With the exception of shipping which, again, is affected. But we may well have the effect of the new distribution within two or three days' time.

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LORD HALIFAX: Perhaps the picture we might leave with you, Mr. Secretary, would be that we would hope to give you a good deal of stuff that was not affected by Quebec in the course of three or four days, and the stuff that is affected by Quebec we will get to you subsequently.

H.M.JR: Always keeping in mind that until we have all the pictures of the jigsaw it is very hard to put together. I mean, the last piece might be the most difficult.

LORD HALIFAX: The slowest ship slows up the convoy.

MR. TAFT: I am not sure we agree with Mr. Weeks that it would be confusing to give us the figures that have been discussed - the break-down of those figures. I think that is important because then we will begin to get a comparable basis of discussion. When you are a billion out, it is just so far - as Mr. McCloy said, you don't know what your proposal is.

H.M.JR: You are trying to get something to hang the War Department with.

MR. TAFT: Exactly - well, I don't care whether I hang the War Department or hang the British, but I do want to get the figures together. If you are talking about a total of five, six, and we are talking about four, five, there is something wrong.

MR. WEEKS: That part I have no doubt about.

MR. TAFT: All right, let's get that going. That is the heart of this thing, really.

H.M.JR: Well, are we all right? If you (Lord Cherwell) have a little time to stay behind to chat, I will appreciate it.

LORD CHERWELL: Very well, sir.

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LORD CHERWELL: Very well, sir.

September 20, 1944
4:10 p.m.

DISCUSSION WITH LORD CHERWELL

Present: Mr. White
Mrs. Klotz

H.M.JR: What Lord Cherwell wanted to say was that Sir John Anderson would want to send Lord Keynes over here, but he didn't want him to come if he thought there would be political repercussions. I tried to call Gaston and he wasn't here. So I asked Smith to give he his horseback opinion.

Fred Smith said, unquestionably, if Keynes came the Republicans would try to make capital out of his being unfriendly to the Democrats. Whether they would be successful, he didn't know, but they certainly would try it. I told them as far as I was concerned, I would be delighted to have Lord Keynes. They asked me if I thought it would hurt - if there was a risk. But I thought it made very little difference, anyway, whom they had come over here, that the thing got down to Lord Cherwell and myself. That is what the President and Mr. Churchill wanted.

Then they asked about the figures and I said if they had any figures, or wanted anything, they should look to Mr. White, and that when he had the thing in such shape they thought it would be ready for me, that I would like to sit down with him and Mr. White. If the Ambassador wanted to be present, Okay.

Then he said, "Well, I will send word to have Keynes come over."

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So I said to him, with a smile on my face, "Well, I will work with the material you have here in Washington," which meant to him that I would be willing to work with Brand if I had to.

Now, Mr. White - next.

MR. WHITE: Well, independent of that, I had a memorandum which Joe DuBois and Luxford--

H.M.JR: Did you say my boys or DuBois?

MR. WHITE: I said DuBois - should be "de boys" - drafted, in the hopes that you might think it worthwhile to get the President to sign it, further clarifying it. If you could take it with you to Chicago and think it over--

H.M.JR: What document is this?

MR. WHITE: It is a single-page memorandum that would take the form of a letter to the Cabinet heads, further clarifying the memoranda issued by Churchill and the President on Germany, which are pretty vague.

H.M.JR: What is vague? That memorandum?

MR. WHITE: There are some pretty vague spots there. At least it would be well to clarify it.

H.M.JR: I don't think there is anything vague about it.

MRS. KLOTZ: DuBois has been worrying about it.

H.M.JR: Tell DuBois to quit worrying.

MR. WHITE: We will have it for you when you come back.

H.M.JR: That is all right, but not tonight. Tell DuBois to quit worrying.

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MR. WHITE: Then we have nothing to do with the British Lend-Lease until they let us know.

H.M.JR: That is right.

Tell DuBois to stop worrying.

September 20, 1944
4:15 p.m.

SURPLUS PROPERTY BILL

Present: Mr. O'Connell
Mr. Lynch
Mr. C. S. Bell
Mr. Olrich
Mrs. Klotz

H.M.JR: I am in favor of a veto.

MR. O'CONNELL: We are not in favor of a veto.

H.M.JR: Meeting adjourned!

MR. O'CONNELL: We were called by the Budget this noon, and they were under instructions from Judge Byrnes to get a poll of the interested agencies on the surplus property bill and the reconversion bill.

H.M.JR: Two separate bills?

MR. O'CONNELL: Yes. He is to get it to the President today and have a decision made before Congress recesses, which they were hoping to do at the end of today or tomorrow.

With respect to the surplus property bill, which is the one we were discussing yesterday, we are all agreed, I think, as to what we would recommend that you would permit us to do, and that would be to tell the Bureau of the Budget that we think it is a very bad bill.

H.M.JR: Is that all you can say about it?

MR. O'CONNELL: Well, we could say a lot, but I was trying to get it in three sentences.

Number two, we do not think the bill should be vetoed.

Three, we would recommend that the President issue a statement indicating the very definite weaknesses in

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the bill at the time he approves or signs the bill. Now, the Bureau of the Budget tells me there has been no recommendation from any agency that the bill be vetoed, either from Clayton's office or any of the agencies concerned.

H.M.JR: I think Charlie Bell has been working on you guys.

MR. BELL: We have been working on each other.

H.M.JR: Now, may I make a little speech?

MR. O'CONNELL: Yes, sir.

H.M.JR: It is based wholly on what you told me yesterday, see, because I haven't talked to anybody else. Now, I have to be a little political. Do you mind, as long as your candidate is in the Pacific?

MR. OLRICH: Yes, sir.

H.M.JR: I am serious. What I am saying, though, is good politics, because I think it is good government. I think this is a wonderful chance for the President to make a good strong statement about orderly government, no special privileges, no special treatment of special classes, that this is disorderly, that you can't run a government this way. Hell, personally I spent a whole night, practically, with him the first time to get him to veto the first soldiers' bonus, and this is right along the same avenue, only ten times worse. Why not let the President have the use--I have been listening to Dewey talk. You take this talk he made about this fellow that had to go to ten different agencies that affect labor. Well, this is so much worse; this is everything that I personally am opposed to, that you should have special treatment for the veterans, special treatment for the farmer, special treatment for this person. I would like to see the President make a good statement that he is opposed to that, that this thing should be conducted in an orderly, businesslike way, the way you conduct any private business, and nobody

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can conduct a private business like this without going bankrupt the first day. Am I right?

MR. OLRICH: You are right on that.

H.M.JR: And I would like to see the President veto it on that ground. I wish I had the time to write the thing myself. The thing is terrible. I think it is a wonderful thing for him, a springboard, going back to peacetimes. We have to get back on a peacetime basis--private enterprise--encourage private business, and have no special privileges. Let's give a Theodore Roosevelt speech and give it to him; he will love it. I don't know what is the matter with you fellows.

MR. O'CONNELL: Some of the considerations that led us to feel it would not be the right thing to do are that Congress will be recessed, out of circulation, or will have to come back here for the purpose of either over-riding his veto or continuing an extended discussion of the bill that has taken them three or four months now; and from the standpoint of his relations with Congress, I can't think of anything that would be any worse at this time.

H.M.JR: I don't agree with you.

MR. O'CONNELL: Well, that was one of the things that persuaded us.

H.M.JR: I am very sorry. I am only going on what you people told me yesterday, just a special list, special privilege.

MR. OLRICH: There is no question about that, because it starts with a special privilege to the tax-supported bodies and a special list of small businesses and a special list of farmers and of veterans. It is pretty nearly a special list of everybody. There is no question about that. There is one question that you have to consider, though, and that is that pressure groups may give you a worse bill. The bill is bad.

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H.M.JR: Look, I have been through all this business with the tax people over and over again. My God, how many times has the President vetoed a bad tax bill or vetoed--he makes votes on it. I won't tell him to sign the bill; I won't do it. I won't have any part of it. I have testified again and again. All these subsidies and all this stuff--how can I go up and say that the veterans shouldn't have this or that? This is the first step; they are going to go right down into bankruptcy as far as this Government is concerned if you follow the thing to its logical conclusion, especially when you tell me that you can function for the next three or four months as is.

Now, let him decide on his relation with Congress. It is my job to give him what I think is sound, good business judgment, and this is no way to run any business.

MR. O'CONNELL: Well, if you are advising him only with respect to the bill, I mean as the bill will operate in the Procurement Division, I don't think there is any question.

H.M.JR: How else should I consider it?

MR. O'CONNELL: I thought we were thinking of some of the ramifications of it in terms of what would happen on the Hill.

H.M.JR: Look, my job here--I always go back to the fellow by the name of Hewes from Connecticut, the Assistant Secretary in Charge of Fiscal Affairs when I stepped into this place, and the President was under the impression that he was off between three and four billion dollars as to deficit. And in those days it was a lot of money, just the same as saying thirty or forty billion today. I discovered that thing after I had been here a month or so, and I went over and told the President; it was the worst shock I ever gave him. And I came back to that S.O.B. of a Hewes and said, "Why didn't you tell the President this? You knew this."

He said, "The President never asked me. Why should I tell him?"

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Now, I say it is my responsibility to tell the President of the United States that this is a bad bill, and why.

MR. O'CONNELL: Well, we thought we would substantially accomplish that by the statement we were going to suggest be drafted to accompany the signature of the bill.

H.M.JR: I can't go along with you fellows. Do you have something you want to say?

MR. BELL: No, sir, I think we can give you plenty of argument on its being a bad bill. There is plenty of argument on that, but we felt that at this time you might not want to make a recommendation that would be so political in character.

H.M.JR: Listen, as a Government man, is this good government or bad government?

MR. BELL: It is bad government.

H.M.JR: That is all I want to know from you; now don't say any more! That is what I said. It is bad government and good politics, that I can add. Where are you?

MR. LYNCH: There isn't any question but it is a bad bill and difficult to administer. I am along with the other group, but I must confess extraneous reasons which someone says is none of my business, so I have no reply.

H.M.JR: Such as?

MR. LYNCH: I mean, I am persuaded by the fact that Congress is getting away. One consideration of the Bureau of the Budget, departing from the merits of the bill, is, Mr. Bailey called up and said that one very grievous concern of Mr. Byrnes' and others was the fact that unless the bill is to be signed, you have a Congress on your hands here for some time with nothing to do but create a lot of trouble about a lot of more important issues. That is not for me to decide.

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H.M.JR: Congress isn't going to stay here on account of this bill!

MR. O'CONNELL: They may.

H.M.JR: Well, look, I am just going to advise the President of the United States as to whether this is a good bill or a bad bill, and why it is a bad bill. If it is as bad as you people say it is, then I say he should veto it and let all the other people around there weigh it. He has Byrnes, an ex-Senator, and Vinson, an ex-Congressman. Let those fellows advise him.

MR. O'CONNELL: Then we advise the Bureau of the Budget, which we can only do by telephone, because they have a letter prepared that it is your view the bill is a bad bill and the President should not sign it, period.

MR. OLRICH: It is a bad bill, there is no question.

H.M.JR: Everybody in the room says it is a bad bill. It is a bad bill, but I want the President to make a statement about good administration, good business, private enterprise, getting the best price for this surplus goods, and all the rest of that stuff against special interests, special privileges, and special classes. I wouldn't sell the States special cars. They don't warrant title to them any better than anybody else. I mean, I am consistent. I think we should sell it to the man for a high dollar. Does anybody mind if I recommend--is there anybody who won't sleep tonight?

MR. OLRICH: No, sir. I was recommending the other for political reasons, that is all. It is a bad bill, and bad government.

H.M.JR: Well, I am recommending that he veto it for political reasons. I think it would be damned good politics to have it vetoed.

MR. O'CONNELL: All that I will be able to tell the Bureau of the Budget right now is that we think the bill is a bad bill and the Secretary believes the bill should be vetoed.

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Now, the decision is going to be made probably within the next hour or two by the President.

H.M.JR: That is all right. But if it is going to be written--the veto message--please get into the thing in the spirit I am talking in. I want to talk like a businessman and against these special classes.

MR. O'CONNELL: Now, assuming that the decision is made, in spite of your recommendation of veto, that the bill is not vetoed, do you want us to pursue and write a statement of somewhat the same tenor to accompany the bill if it is signed, or at least to suggest to the Bureau what we had suggested to you, that if he does sign the bill he puts forth at the same time a statement indicating the depth of the wrongness of the bill?

H.M.JR: It is useless, but for the record, if they want it, it is all right. That takes care of surplus. What is the other?

MR. LYNCH: The so-called demobilization bill. Most of the controversial matters that were in the bill originally have been taken out. It is in that bill where they took out provisions for unemployment compensation for Federal workers. All there is left in the bill is a provision for setting up a central office over the demobilization and reconversion program.

H.M.JR: You boys handle that.

Now wait a minute, I have to have my little laugh at somebody else's expense. This is a man by the name of LaGuardia, who works in New York. "Thank you for your letter of September 9. I read the same with a great deal of care and also the testimony. I am sorry to say that testimony is most unconvincing. I am convinced that Mr. Olrich intended to gloss over the situation, ignored existing bad practices, and sought to present the situation as being under complete control. I am sure he could not help knowing all the actual conditions. No one could be that dumb." (Laughter)

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MR. OLRICH: Well, I wish I had brought a better one over. I got a letter from a fellow in Chicago which says that any man who thinks he can satisfy the manufacturers, the Government, the employee, and the general public is silly as the pimple on the end of your nose.

MRS. KLOTZ: He is right.

MR. OLRICH: Then he goes on to say that he had the sale of property in the last war for Canada and he knew what it was, and he says that if I keep on the Government will make just as big a chump out of me as they did out of Wilson and Donald Nelson, and I had better come home.

H.M.JR: Well, now, nobody is shocked on this other thing. You all say it is a bad bill?

(General agreement)

H.M.JR: And I say I would like to see the President veto it.

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9/20/44 -

DRAFT

MEMORANDUM FOR THE PRESIDENT

I have read carefully the memoranda of the Secretary of War of September 5, September 9 and September 15.

If I understand Mr. Stimson's views on Germany correctly, and I think he has made his position clear, then I do not know what he means when he states that he does not plead for a "soft" treatment of Germany. The program approved by Mr. Stimson would, on the grounds of international fellowship and good will among nations, leave the German economic potential virtually intact. This would permit Germany within a period of fifteen to twenty-five years to become so strong economically, and as a consequence politically and militarily, that she could again be instrumental in bringing to these nations of good will even greater death, horror and destruction than she has caused in this war. It was this same attitude of appeasement that was so fruitful in helping Germany plunge the world into the present war.

Mr. Stimson's comments concerning the Treasury program are based upon a number of misconceptions. The following points may serve to clarify this misunderstanding of the Treasury program.

- (1) The program is not punitive - its purpose is highly humanitarian.

Revenge and retribution against the German people is not the purpose of the Treasury program. The motivating factor is the welfare of human beings throughout the world.

Regardless of the nature of the post-surrender program which may be adopted for Germany, the German people will have a hard time getting along for several years after the war. The very fact of decisive military defeat will result inevitably in intense suffering in the period immediately following surrender. However, once a transition period of five or ten years after the war has passed, there is no reason why under the program recommended the recognized ingenuity and ability of the German people will not enable them so to adjust themselves that the German people as a whole will be able to enjoy a fuller life than they have enjoyed in the past.

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In addition, the welfare of two billion people is at stake in any program designed to prevent Germany from again plunging the world into war. Only three out of every hundred live in Germany. As a result of this war alone, Germany will be responsible for the death of nearly as many, if not more, human beings than are living within her borders. The life and happiness of many times more, hundreds of millions, has been gravely affected. And the death, horror and destruction of this war is small compared with what might happen in another war twenty-five years from now.

However "tough" any program may seem vis-a-vis Germany in the transition period, the more effective it is in preventing World War III, the more humanitarian it will be.

- (2) The program would not reduce the German people to a low level of subsistence.

Mr. Stimson can only mean that by depriving Germany of the industrial facilities to wage another war the standards of living of the German people will be gravely threatened. It is true that the Treasury program would effectively black out Germany's industrial war potential. The purpose of the program is not, however, to arrest Germany's economic development but to ensure that it is channelized along lines of fruitful peacetime pursuits and not along lines of militaristic might. In the years immediately following her defeat Germany is bound to suffer grievously from economic dislocation and social chaos regardless of the type of program adopted by the Allies. Adjustment and reorientation of the German economy is inevitable. There is no reason why under the program recommended by the Treasury the German people will not be able so to adjust their economy that they will be able to live on an economic level equal to or better than that enjoyed by most other European nations. In this connection, a peaceful Germany would be freed from the heavy burdens caused in the past by armament expenditures. In 1938 over one-third of the German national income went into the preparation of war. The energies and expenditures previously devoted to war could in the future be devoted to an extension of the social services and to taking up any slack that might appear in the national economy.

- 3 -

- (3) The argument that the program would give rise to bitterness and suffering, which would cause another war, is false.

The very defeat of Germany will give rise to bitterness and suffering among the German people in the immediate period following the war. Whether in the light of this inevitable fact and for other reasons, the spark of hope for world conquest, which will still linger in the German heart during this period, will be kept alive will not depend upon how "soft" or "hard" the Germans think we have treated them. The spark will flame if the German people feel that it is still within their power to conquer the world. The spark will die once the German people realize that making their aim in life the conquest of other peoples is futile. And the sooner the spark dies, the sooner the German people will be able to devote themselves to making a better life for themselves and the rest of the world.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE Sept. 20, 1944

TO: Secretary Morgenthau

FROM: Ted R. Gamble *TRG*

There is a luncheon arranged for you in Chicago at 12:30 noon, Thursday, September 21st. Hap Young, President of the Federal Reserve Bank, will not be present as he is attending Eccles' meeting here in Washington. However, Al Sihler, who has always handled the bond program for the bank and is Vice President of the Chicago branch will be present as will Howard Preston, 1st Vice President of the Chicago Federal Reserve Bank.

Mr. Renslow Sherer, our Chairman of the Illinois War Finance Committee has made all the arrangements for the luncheon and will be accompanied by the above-mentioned men and about half a dozen of our Committee people including Mr. Edmund Bartlett, Executive Manager of the Illinois War Finance Committee.

They are delighted to know that they will have an opportunity of a short visit with you and as these are all people who have been close to our program, I am sure it will be an enjoyable occasion.

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE Sept. 20, 1944

TO: Secretary Morgenthau

FROM: Mr. Gamble

Mr. Winchester Denio, Chairman of our Massachusetts state organization is having a luncheon for you in the Hancock Room, Statler Hotel, in Boston, Saturday at 12:30 noon. The luncheon guests will be only key people in our War Finance organization in Massachusetts, including several of the Women leaders as it is expected that Mrs. Morgenthau will accompany you.*

You have met Denio* and he was one of the men whom you talked to before the last Loan when we had the telephone round-up. We obtained his services through Mr. Charlie Spencer, First National Bank, Boston, and he is, without question, one of our top Chairmen. He has given us, by all odds, the best operation we've had from several Chairmen in Massachusetts.

They were delighted to have this opportunity to visit with you and were especially pleased to learn that Mrs. Morgenthau was coming along.

*Dee-ny'-o

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WESTERN UNION

A. N. WILLIAMS
PRESIDENT

1201

90
SYMBOLS

DL = Day Letter

NL = Night Letter

LC = Deferred Cable

NLT = Cable Night Letter

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WA10 NL PD=WASHINGTON DC 21

1944 SEP 22 AM 2

HONORABLE HENRY MORGENTHAU=

CARE RITZ CARLTON HOTEL BSN=

RALPH FLANDERS PRESIDENT BOSTON FEDERAL RESERVE BANK WILL BE
OUT OF THE CITY BUT WE HAVE ARRANGED FOR ALBERT CREIGHTON
CHAIRMAN OF THE BOARD TO ATTEND DENIO'S LUNCHEON FOR YOU AT THE
STATLER FOLLOWING LUNCHEON CREIGHTON WOULD LIKE YOU TO VISIT
THE BANK WITH HIM FOR MEETING WITH OFFICERS AND PRESS
CONFERENCE REGARDS=

TED R GAMBLE.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

TREASURY DEPARTMENT


INTER OFFICE COMMUNICATION

DATE



TO Secretary Morgenthau

September 20, 1944

FROM Fred Smith 

Roper is not making Fortune polls on any regular basis, but seems to be finding out a lot of collateral things rather than "who is going to be elected." The gist of the most recent poll is as follows:

After the liberation of Paris, Roper made a poll to check any change since August 19, which preceded the liberation of Paris. He found out:

(1) That there was a four percent rise in the number of people who felt that we should set up a world organization and use force or do whatever is necessary to maintain peace. The figures: August 19 - 46.3
August 26 - 51

(2) 4.3 percent more people thought the war would be over by "October or sooner." The figures: August 19 - 29.5
August 26 - 33.8

(3) That Roosevelt support dropped sharply. On August 19, Roosevelt had the support of 54.6% of the people, and Dewey had 40.9%. 4.5% of the people didn't know. On August 26, the President was backed by 49.3% of the

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people, a drop of 5.3%; Dewey was supported by 44.4%, an increase of 3.5%. 6.3%, or 1.8% more people moved into the "don't know."

Richardson Wood of Fortune, who handles these polls, says that he believes personally that Dewey is currently increasing in popularity, and Roosevelt is decreasing. The time lag in Gallup Polls, he says, is such that this fact is not brought out by Dr. Gallup. He said that he believed Roosevelt was on the incline until about three weeks ago, and then he started to go down.

As near as I can find out, Wood has no basis for saying this, other than the fact that some Roper Polls on comparatively small samples (usually five thousand) indicates such a transition.

The fact remains, however, that Gallup in the final analysis comes much closer to predicting election results than Roper.

SEP 20 1944

Dear Dr. Kung:

I am in receipt of your letter of September 9.

There was never any doubt as to whether the U. S. Government would pay for the cost of the construction of the Chengtu airfields. The President's telegram, which was transmitted to Generalissimo Chiang Kai-shek on January 28 by Ambassador Gauss, states explicitly that the United States "in order to cover all (italics mine) of its military expenditures in China, including such maintenance as well as construction, is prepared to place to your account the U. S. dollar equivalent of any Chinese funds made available under general arrangements that will be suggested by General Stilwell and the Ambassador." The United States thus recognized its obligations for its military expenditures in China, including the cost of the Chengtu airfields as one item in those expenditures, and is anxious to make a settlement which will cover them all.

I share with you a desire to reach a settlement at the earliest possible moment. It is for this reason that I would suggest that we avoid the question of the rate of conversion, an approach which was tried in the past without any success, and which raises many difficult, technical, and highly involved issues precluding a speedy settlement. To my mind, therefore, an approach on the basis of a lump sum payment for all our outstanding yuan obligations offers the best possibility for a speedy settlement equitable to both sides.

With best personal regards.

Sincerely yours,

(Signed) H. Morgenthau, Jr.

Secretary of the Treasury.

Dr. H. H. Kung,
Minister of Finance,
c/o Chinese Embassy,
Washington, D. C.

SA/cfs 9/12/44



HEADQUARTERS, ARMY SERVICE FORCES
WASHINGTON 25, D. C.



19 September 1944

MEMORANDUM FOR: Dr. H. D. White,
Division of Monetary Research,
Treasury Department.

I have initialed the copy as requested. I think the
letter fully covers the situation.

A handwritten signature in cursive script that reads "Lucius D. Clay".

LUCIUS D. CLAY,
Major General, General Staff Corps,
Director of Materiel.

Incl. -
Ltr to Dr. Kung
f/sig. of Sec'y of
the Treasury.

MINISTRY OF FINANCE
NATIONAL GOVERNMENT OF CHINA

September 9, 1944.

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

Dear Mr. Morgenthau:

Since our conversations at Bretton Woods, additional information was received from China substantiating the fact that the cost of the construction of the Chengtu airfields was always regarded as constituting a separate account, which the United States Government undertook to pay. In a memorandum, No. 111, dated January 8, 1944, General Hearn referred to a reply from General Marshall to his inquiry which stated that "The United States will bear the cost of labor and material for Chengtu airdrome construction at a rate of exchange to be arrived at under negotiation now in progress." On January 12, General Stillwell transmitted to Generalissimo Chiang a telegraphic message from President Roosevelt with reference to the Chengtu airfields, part of which reads: "I'll undertake to make available the necessary fund through lend-lease appropriation if that will hasten the completion of the work on the desired schedule."

The difficulty that has prevented a settlement of the problem of regular military expenses as well as special accounts for airfields constructions of the U.S. armed forces in China is

MINISTRY OF FINANCE
NATIONAL GOVERNMENT OF CHINA

PAGE 2

the rate of conversion. Some of the advances were made by the Chinese Government and others were borrowed from the Central Bank of China. Since we cannot alter our exchange rate at present without weakening confidence in our currency and boosting up prices further, we have been trying to find other ways of settling the problem.

After considering various alternatives, it appears that the simplest way of settling the problem is for the United States Government to reimburse China according to the official rate of exchange and receive in addition a pro rata contribution from the Chinese Government the exact amount of which to be agreed upon by the two governments. Since my Government desires that I return soon to China and since one of the purposes of my trip here is to settle this problem with you personally, I will deeply appreciate it if a settlement can be made at the earliest possible moment.

With best personal regards,

Sincerely yours,

A handwritten signature in dark ink, appearing to read "A. King". The signature is written in a cursive style with a large, sweeping flourish at the end.

Treasury Department
Division of Monetary Research

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Date Sept. 27, 1944¹⁹

To: Mrs. McHugh

For the Secretary's information.

(We cleared with General Clay
the Secretary's reply to a very similar
letter from Dr. Kung.)

H.D.W.

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

20 September 1944.

Doctor H. H. Kung,
Minister of Finance,
c/o Chinese Embassy,
Washington, D.C.

Dear Doctor Kung:

I am in receipt of your letter of 10 September 1944 in which you point out your desire for an early settlement of the problem of advances made by the Chinese Government and the Central Bank of China to cover general military expenses, to include airfield construction for the United States Armed Forces in China.

I may assure you that there has never been any doubt in the War Department as to the full intent of the United States Government to pay for the cost of the construction of the Chengtu airfields. Moreover, the War Department joins you in your desire for an early settlement of the problem.

However, the terms of settlement, in as far as the War Department is concerned, must be governed by the Treasury Department which has the ultimate responsibility for our financial arrangements with other nations. I am sure that the Secretary of the Treasury shares our desire for an early settlement of the problem.

Sincerely yours,

LUCIUS D. CLAY

LUCIUS D. CLAY,
Major General, General Staff Corps,
Director of Materiel.

9/20/44 -
Mr. Shaeffer says that Pearson has only
written three articles on Dulles.

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● have sent copies to Mrs. Morgenthau and
the three children.

WASHINGTON MERRY-GO-ROUND:

Dulles Argued for Franco In Suit Against Treasury

By DREW PEARSON

WASHINGTON, Sept. 25.

This columnist recently quoted from a 1939 speech of Dewey's presumed Secretary of State, John Foster Dulles, to the effect that he had defended and apologized for the dictators just a few days after Hitler had taken all Czecho-Slovakia and at a time when European newsmen were saying war was inevitable. This drew sparks from GOP Chairman Brownell and others, who claimed the Dulles quotations were misleading and did not really represent his views.

Since then a deluge of letters have poured in, some defending, some condemning, but nearly all wanting more information about Dulles, with the result that this columnist has spent recent weeks in an exhaustive and, he hopes, objective research into the life and background of John Foster Dulles.

Some editors may not be enthusiastic about printing the result. But since winning the peace after this war is the most important object of the war, it is not a bad idea to scrutinize thoroughly any man who is asked to co-operate with Secretary Hull for future peace as the representative of several million Republicans and who well may be the next Secretary of State.

Certainly few men in America are better qualified as far as family background is concerned to be Secretary of State. John Dulles' uncle was the late Robert Lansing, Secretary of State under Wilson, a Democrat. His grandfather was John W. Foster, Secretary of State under Benjamin Harrison, a Republican.

John W. Foster was a truly great statesman. He handled many delicate diplomatic negotiations both before and after leaving the Harrison Cabinet—helped settle the war between Japan and China, straightened out the Alaskan boundary, arbitrated problems with Russia in the Bering Sea.

Originally he was an Indiana politician who served as postmaster of his community, was Republican State chairman and, somewhat like Cordell Hull, came up the political ladder the hard way.

His grandson, John Dulles, after studying at Princeton and in Paris, jumped immediately into the most prosperous law firm in Wall Street, Sullivan & Cromwell. He has been there ever since—and is now its most important and prominent partner.

International Connections

Almost any lawyer, especially one connected with so large a firm, has to take all kinds of cases, representing all views and walks of life. However, aside from big utilities, which will be discussed later, many international cases, some connected with the dictator countries, seemed to gravitate toward John Dulles.

Thus the record shows him as arguing personally for Dictator Franco, of Spain; having legal relations with Count Rene de Chambrun, son-in-law of Laval, now arrested; discussing plans whereby Swedish SKF could protect their U. S. plant from seizure as alien property, and representing such clients as the

J. Henry Schroeder banking firm, E. K. Halbach, chief owner of General Dyestuff, and N. V. Phillips Gloelampenfabrieken, of Eindhoven, Holland.

Some of these cases originated from Dulles' early work in Europe when he was counsel to the American Peace Commission under his uncle, Secretary of State Lansing.

This was how he happened to represent the Merton family, of Germany, whose property had been seized by the Alien Property Custodian in the last war. This was the famous case involving Jess Smith and Harry Daugherty which sent Thomas W. Miller, Alien Property Custodian under President Harding, to jail when Richard Merton paid \$441,000 to John T. King, GOP national committeeman from Connecticut.

Dulles was in no way involved in this phase of the case—in fact, knew nothing about the bribe and had stepped out before it was arranged. He had been retained by Richard Merton, who had represented Germany at the Paris peace conference, to try to get his German property returned. Dulles came to Washington, discussed the matter with the Justice Department, found the job impossible, and got out of the case. Merton then hired Republican Committeeman King.

The Dr. Westrick Case

It was also because of previous legal connections in Germany that Dulles condoned the activity of the famous Dr. Gerhard Westrick, whom Hitler had sent to New York in 1940, after the war started, to try to arrange deals with Wall Street. One of those willing to do busi-

ness with him, Capt. Torikid Riebel, was forced to resign as head of the Texas Company because of public clamor.

Dulles, however, explaining that Westrick had represented Sullivan & Cromwell in Germany some years before, contended: "I don't believe he has done anything wrong. I knew him in the old days and I had a high regard for his integrity."

It was also through his law firm that Dulles got mixed up indirectly with the America First Committee. A client asked for advice on the incorporation of the New York branch of America First, and Dulles now explains that a member of the firm drew up the incorporation papers.

However, Dulles himself stepped in to argue the only case brought against the U. S. Government by one of the dictator countries. He represented the Banco de Espana, controlled by the Franco regime in Spain, in a suit against the Federal Reserve Bank of New York to recover silver which the U. S. Treasury had bought from the Loyalist Government in Spain.

The U. S. Treasury paid \$6,500,000 for the silver, but later Franco's bank retained Dulles to get it back. Dulles lost the suit in the lower courts, then appealed to the U. S. Circuit Court of Appeals, which also turned him down.

Those are some of the lesser known experiences in the varied life of the man spoken of as the next Secretary of State.

WASHINGTON MERRY-GO-ROUND:

Dulles Defended Reich To Save Clients' Money

(This is the second article by Drew Pearson giving a searching analysis of the man to whom our future foreign affairs may be entrusted—John Foster Dulles.)

By DREW PEARSON

WASHINGTON, Sept. 27

If you probe carefully into the life of the man whom Gov. Dewey delegated to confer with Secretary Hull on world peace machinery, you begin to see why John Foster Dulles, in the spring of 1939, was still defending the dictator nations. It was a very human mistake. Almost anyone else in his shoes—and there were others—would have made it.

For more than 10 years, Dulles and his law firm, Sullivan and Cromwell, had been trying to salvage some of the cash which American investors, big and little, had poured like a golden harvest into Germany. In fact, Dulles at various times was on both ends of the European bonds fiasco—the promotion end and the salvage end. Like other big Wall Streeters, he was better at promotion than at salvaging.

All through the years following the last war, Dulles was one of the lawyers who devoutly defended the idea that American money should flow into Europe.

"It is of tremendous importance," he told the Foreign Policy Association in April, 1926, "that nothing should occur to bring about any long continued cessation in American lending to foreigners. . . . There is no reason why we, for many years to come, should not build up our investment abroad."

Defended Foreign Loans

Later in the same year, Dulles even wrote an article in the magazine Foreign Affairs emphatically disapproving of the State Department's policy of forbidding loans to pay for armaments for foreign countries. He advocated "unrestricted trade in arms and military supplies," and the right of American bankers to make loans for military purposes.

Again, in 1928, he told the Foreign Policy Association:

"There is no basis for the popular belief that loans to foreign countries, totalling \$11,000,000 since the war, have taken that much money out of the United States. . . . In financing and moving these surplus goods, our bankers have performed a great service, both to this country and to the world."

Even up until 1930, Dulles continued optimistic about American investments in Germany.

"Germany has made great progress under the Dawes Plan," he said on October 21, 1930. "Her national income and government income have grown to a point where the reparations charge constitutes a readily bearable percentage."

By this time, of course, reparations had been drastically scaled under the Dawes Plan, so that the loans which American bankers had poured into Germany, actually to pay those reparations, would not be in default.

The real collapse of Wall Street's house of cards in Europe came a little later. To head it off, Herbert Hoover arranged a moratorium on German payments in 1931, but by 1933, Dulles was retained by Brown Bros.-Harriman to go to Berlin and try to salvage something out of the chaotic wreckage.

He sailed for Europe on the same ship with Albert Wiggin, of the Chase National Bank. Wiggin represented the short-term creditors—the banks that had made call loans of their own money to Germany. Dulles represented the long-term creditors, the bondholders, who had purchased German bonds in good faith from the banks.

The banks had no stake in the long-term bonds, but they had a tremendous stake in the short-term credits. In the end, the banks collected their short-term notes, but the bonds which they had passed on to the public went into default. American holders of those bonds lost a cool \$1,200,000,000.

John Dulles, who had made many speeches advocating the soundness of German bonds, was not able to collect the money. His friend Wiggin, of the Chase Bank, did collect.

That perhaps explains why Dulles made the statement in March, 1939, that "these dynamic peoples (Germans, Italians and Japanese) determined to mold their States into a form which would permit them to take their destiny into their own hands and to attain that enlarged status which, under a liberal and peaceful form of government, had been denied them."

Dulles went on to explain and condone the effort of the dictator nations to "enlarge their status," adding that "only hysteria entertains the idea that Germany, Italy or Japan contemplates war upon us."

This, no doubt, was the Dulles speaking who instinctively ad-

opted the banker attitude of the Chamberlains and the Cliveden Set that some way must be found to safeguard investments in Germany.

Undoubtedly this also was the attitude of one important client of Dulles' law firm, the J. Henry Schroder Banking Corporation. Dulles' brother and law partner, Allen Dulles, is a director of both J. Henry Schroder and the Schroder Trust Company, and the affairs of this international banking house are intimately tied up with the Dulles law firm.

Financed Hitler

Whether the Dulles brothers knew it or not, it was a member of this banking house, Baron von Schroder, who financed Hitler.

That was on January 4, 1933, when Hitler had made desperate efforts to get into power but had not succeeded. It looked as if he might not succeed at all. Then, suddenly, through Franz von Papen, now retired as Nazi Ambassador to Turkey, Hitler met Banker Baron von Schroder.

Almost every recent historian agrees on this incident. As told by Rudolf Olden in "Hitler":

"There was no improvement in the financial situation of the party. Symptoms of decline were multiplying and party ties were loosening. Goebbels in his diary speaks of rats abandoning the sinking ship. . . . Once again he (Hitler) had got to the suicide stage.

"Then came salvation: Money suddenly reappeared. It was von Papen who opened it to Hitler again.

"With the greatest secrecy, Hitler and Papen met at Cologne at the house of Herr von Schroder, a banker who enjoyed the confidence of the steel and coal magnates. Goebbels' diary records triumphantly, 'If this coup succeeds, then power is not so very remote.'"

During the hectic months of 1933, Dulles was shuttling back and forth between New York and Berlin, trying to save something out of the financial wreck of Germany. He may have known nothing about the activities of his banker client. Or if he did, he may not have realized their significance.

But certainly, during the succeeding years and right up until the outbreak of the war in 1939, John Dulles took the attitude that Germany was a misunderstood nation which had shown great investment promise and now should be treated with sympathy and understanding until she got back on her feet.

(Another column on the man discussed as the next Secretary of State will follow soon.)

WASHINGTON MERRY-GO-ROUND:

Dulles Reluctant Witness In Strange Utility Deals

This is the third of Drew Pearson's columns on John Foster Dulles, who is believed to be Gov. Thomas E. Dewey's choice for Secretary of State.

By DREW PEARSON

WASHINGTON, Sept. 28.

When you study the official investigations of Wall Street firms, which caused public outrage, and resulted in establishment of the Securities and Exchange Commission, you find that some of the most top-heavy investment skyscrapers were built up with the legal advice of the firm of Sullivan and Cromwell, of which John Foster Dulles is the most prominent partner.

However, it also happens that one of President Roosevelt's own Cabinet members, James V. Forrestal, Secretary of the Navy, is linked up with at least one of the investment giants which deflated with such loss to the average American investor.

In fact, even today Dulles is being hounded by disagreeable lawyers who demand his deposition in one of the most suspicious-looking cases in the history of the American utility companies, where \$500,000 was contributed to the campaigns of Bruce Campbell, Democratic candidate for Governor of Illinois, Mayor Bernard Francis Dickmann, of St. Louis; Senator Roscoe Patterson, of Missouri; Ed Winter, of Missouri, former acting Governor of Puerto Rico, and to scores of judges, aldermen and State legislators all over the Midwest for the reputed purpose of influencing utility legislation.

For months Dulles dodged the process server in this case. Finally a marshal waited all night in front of Dulles' house, just before he was about to drive to Washington to confer with Secretary Hull. As he stepped into the car, the process server jumped out, served Dulles with the subpoena. Several photographers were present, caught the dramatic picture. But for some reason the photograph was never published.

First chapter in this case occurred when Harrison Williams, husband of America's best-dressed woman, organized the North American holding company controlling a score of Midwest utilities, with securities valued at \$1,500,000,000 in 1929. John Dulles was not only counsel but, in the peak year of 1929, became a director and a member of the executive committee.

FRANTIC RESIGNATION

He remained there for nine years, until suddenly, on November 4, 1938, he resigned. His resignation followed a phone call from the Securities and Exchange Commission that it intended to investigate the operations of North American's most important subsidiary, Union Electric of Missouri.

The Federal Government brought criminal charges against various Union Electric officials, asserting that campaign contributions were used to influence politicians in Missouri and Illinois, so that North American

might sell highly profitable but unnecessary utility bond issues to a gullible public. Secretary of the Navy Forrestal's investment firm, Dillon, Read & Co., handled these bond issues.

Government prosecutors put John Dulles on the witness stand and grilled him at great length, but did not indict him. They did indict and convict Frank J. Boehm, executive vice president of Union Electric.

Boehm has now turned around and sued John Dulles, Harrison Williams, Clarence Dillon and their companies, contending that he could not have spent the huge total of \$5,000,000 as a slush fund for political purposes without the knowledge of these officials and that he was made the scapegoat to protect them. This is the suit in which Mr. Dulles is now such a reluctant witness.

INFLATED COMPANY

The Dulles firm also was counsel for another of Harrison Williams' top-heavy investment trusts, Central States. According to an official report by the Securities and Exchange Commission, Williams invested only \$72,000 in Central States in 1912, and by clever manipulation with investors' funds, he inflated the company to more than \$350,000,000 in 1929. When the bubble finally burst, the American public, according to the SEC, was left holding the bag to the tune of more than \$300,000,000.

By the end of last year, the company, still dominated by Williams and counselled by Dulles, was worth only \$11,148,655. The subsidiaries of Central States and their shrinkages were: Goldman

Sachs, shrunk \$403,000,000 from 1929 to 1936; Shenandoah Corporation, shrunk \$124,000,000; Blue Ridge Corporation, shrunk \$97,000,000; American Cities Power and Light, shrunk, \$72,000,000; plus several others.

Dulles is also counsel and a dominant influence in the American Banknote Company, which, through his influence with Central States and the North American Company, has enjoyed a monopoly of all their stock and bond certificates. Other bank notes companies have offered to take this business at around half the price charged by American Banknote.

Dulles also was a dominating influence in the Babcock and Wilcox Boiler Company. Until recent years subsidiaries of the North American Company were required to buy their power plant boilers from Babcock and Wilcox, sometimes at prices considerably higher than those obtainable at competitive bidding.

Dulles' firm also was counsel for McKesson and Robbins during the famous fiasco when its head, Ronald F. Coster, turned out to be Frank Musica, who stole himself when he was caught several millions short on phony warehouse receipts.

**BRITISH AIR COMMISSION**

1785 MASSACHUSETTS AVENUE
WASHINGTON, D. C.

TELEPHONE HOBART 9000

PLEASE QUOTE

REFERENCE NO.....

With the compliments of British Air Commission
who enclose Statements Nos. 153 and 154 --
Aircraft Despatched -- for the weeks ended
September 1st and September 8th respectively.

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

September 20, 1944.

STATEMENT NO. 153

Aircraft Despatched from the United States
Week Ended September 1, 1944

BRITISH/U. S. SECRET

<u>TYPE</u>	<u>DESTINATION</u>	<u>ASSEMBLY POINT</u>	<u>BY SEA</u>	<u>BY AIR</u>	<u>FLIGHT DELIVERED FOR USE IN CANADA</u>	
<u>CONSOLIDATED</u>						
Liberator B VI	M.E.	M.E.		3		
Liberator B VI	India	India		5		
Liberator B VI	Canada	Canada			5	
Liberator GR VI	India	India		9		
Liberator GR VIII	U.K.	U.K.		11		
Liberator C VII	U.K.	U.K.		5		
<hr/>						
<u>GLENN L. MARTIN</u>						
Marauder III	M.E.	M.E.		6		
<hr/>						
<u>NORTH AMERICAN</u>						
Mitchell III	U.K.	U.K.		11		
Mustang	U.K.	U.K.	10			
<hr/>						
<u>DOUGLAS</u>						
Dakota IV	U.K.	U.K.		22		
Dakota IV	India	India		17		
<hr/>						
<u>BOEING</u>						
Catalina IV B	U.K.	U.K.		9		
<hr/>						
<u>NOORDUYN</u>						
Harvard	U.K.	U.K.	44			
<hr/>						
<u>WACO</u>						
Glider	India	Karachi	20			
<hr/>						
<u>REPUBLIC</u>						
Thunderbolt	India.....	.. Karachi	11		
<hr/>						
<u>VULTEE</u>						
Vengeance	U.K.	U.K.	8			
<hr/>						
<u>STINSON</u>						
Reliant	U.K.	U.K.	6			
<hr/>						
<u>FAIRCHILD</u>						
Argus	U.K.	U.K.	20			
<hr/>						
<u>BEECH</u>						
UC-45 Beechcraft	U.K.	U.K.	2			
<hr/>						
			TOTAL:	121	98	5

Movements V (USA)
 British Air Commission

September 6, 1944

File V-17
 mmh

STATEMENT NO. 154

BRITISH/U. S. SECRET

Aircraft Despatched from the United States
Week Ended September 8, 1944

<u>TYPE</u>	<u>DESTINATION</u>	<u>ASSEMBLY POINT</u>	<u>BY SEA</u>	<u>BY AIR</u>	<u>FLIGHT DELIVERED FOR USE IN CANADA.</u>
<u>CONSOLIDATED</u>					
Liberator B VI	Canada	Canada			1
Liberator B VI	India	India		3	
Liberator GR VI	India	India		5	
Liberator GR VIII	U.K.	U.K.		1	
Liberator C VII	U.K.	U.K.		2	
<hr/>					
<u>GLENN L. MARTIN</u>					
Marauder III	M.E.	M.E.		7	
<hr/>					
<u>NORTH AMERICAN</u>					
Mitchell III	U.K.	U.K.		9	
Mustang	U.K.	U.K.	5		
<hr/>					
<u>DOUGLAS</u>					
Dakota IV	India	India		3	
<hr/>					
<u>BOEING</u>					
Catalina IV B	U.K.	U.K.		7	
<hr/>					
<u>VULTEE</u>					
Vengeance	U.K.	U.K.	2		
<hr/>					
			TOTAL:	7	37
					1

Movements V (USA)
 British Air Commission

mmh
 File V-17



EXECUTIVE OFFICE OF THE PRESIDENT
WAR REFUGEE BOARD
WASHINGTON 25, D. C.


OFFICE OF THE
EXECUTIVE DIRECTOR

SEP 20 1944

My dear Mr. Secretary:

I am pleased to send you herewith a copy
of the report of the War Refugee Board for the week
of September 4 to September 9, 1944.

Very truly yours,


J. W. Pehle
Executive Director

The Honorable

The Secretary of the Treasury.

Enclosure.

Report of the War Refugee Board
for the week of September 4 to 9, 1944

SITUATION IN HUNGARY

In response to the recommendation of the International Red Cross Committee that the British and American Governments seek to evacuate a certain number of Jews from Hungary to some specified haven of refuge in Allied territory, we requested Board Representative McClelland to point out to the International Red Cross that nothing in our acceptance of the Horthy proposal implied limitation of our undertaking to Jews possessing Palestine certificates or planning to go to Palestine. It was suggested that he draw the attention of the International Red Cross to the special provisions made in favor of persons for whom American immigration visas were issued or authorized after July 1, 1941, the extension of children's visa facilities to Jewish children from Hungary, the provisions in favor of close relatives of American citizens and alien residents, the assurances obtained from Ireland and Honduras in favor of children from Hungary, Nicaragua's agreement to admit 100 children from Hungary, Mexico's expressed willingness to give emergency shelter to refugees from enemy territory for the duration of the war, and the favorable response of certain neutral countries to our requests for their cooperation in admitting Jews permitted to leave Hungary. It was further suggested that he reiterate this Government's refusal ever to limit its undertakings with respect to emigration of Jews from Hungary to any specific number or particular category of Jews or to Jews going to any particular country, and its protest against the attempt of German and Hungarian authorities to introduce such arbitrary limitations.

Reports on Conditions in Hungary

Ambassador Haye's reported information just received through the International Red Cross in Budapest indicating that Spanish visas have been granted to 500 Jewish children and 70 accompanying adults, but that their departure is being delayed by the refusal of German authorities to grant transit visas.

In connection with Switzerland's offer to give asylum to 8,000 Palestine certificate holders as well as 5,000 expectant mothers and children, Minister Harrison was informed that the Swiss have requested the Government of Hungary to intercede with the Government of Germany for permission for these individuals to leave Hungary and go to Switzerland, but that

- 2 -

up to the present time such consent has not been secured. Although permission for German children to proceed to Switzerland was refused by the Germans, the Swiss are continuing their efforts for Jewish children and children of other races.

Minister Harrison later cabled us the substance of a note from the Swiss Foreign Office indicating it to be the belief of the Swiss Legation in Budapest that authorization will be granted shortly for the departure for Palestine of a group of 2,000 Hungarian Jews. The Swiss Legation having stated that the only present means of transportation is the Danube, the Foreign Office inquired whether the American Government is disposed to grant safe conduct for transportation of Jews from Budapest to the Bulgarian frontier by Danube steamers; similar safe conduct requests were made to the Germans and the British. The remainder of the journey to Istanbul is to be made by rail.

Following our request that reports of active Hungarian participation in deportations be conveyed to the Swiss Government for transmission to the Hungarian authorities with a request for their comments, we were advised by Minister Harrison that the matter had been discussed with a ranking Swiss official who indicated that the Swiss could not request their Legation in Budapest to present the matter to the Hungarian authorities without information concerning the time and place of the reported events and the nationality of the Jews involved, and that the Hungarians might refuse to accept the communication unless such specific information were included. It was believed that the inclusion of such information might defeat the purpose of the communication, and the Swiss are naturally anxious to avoid that possibility.

Ambassador Norweb advised us that the Hungarian Charge d'Affaires in Lisbon informed him that all deportations from Hungary were stopped completely some weeks ago, and that no incident concerning Jews has occurred in Hungary since early in August when an incident caused by a subordinate Gestapo agent was sharply complained about by the Hungarian Government. It was stated that the latter takes the position that it absolutely excludes any interference in Hungarian Jewish affairs by any German authority.

Evacuation of Children from Hungary to Sweden

In response to our suggestion that arrangements be made to have a Swedish boat call at a German port to transport to Sweden Jewish children from Hungary, the Swedish Government advised Minister Johnson that, while it is anxious to do everything possible to rescue Hungarian children, it cannot

- 3 -

make the suggested arrangements without running counter to its policy of refusing insurance to ships proceeding to German ports. It is expected that Hungarian children who may be evacuated will be taken to Sweden via ferry from Denmark.

Visas for Children

Our mission in Asuncion has notified us that the Paraguayan Government is willing to extend to children from Hungary in principle and with the same conditions its acceptance of our proposal with respect to refugee children from France.

UNITED STATES VISAS FOR PERSONS IN ENEMY TERRITORY

The State Department has confirmed authorization of immigration visas after July 1, 1941, for partial lists of persons in enemy territory possibly affected by the Board's program for this type of protection and assistance. The names of the persons for whom such confirmation was received and the location of the consulates authorized to issue the visas were cabled to our representatives in Bern and Stockholm.

EVACUATION OF ABANDONED CHILDREN FROM FRANCE TO SWITZERLAND

As a result of our approach some months ago to Latin American countries with respect to giving assurances to the Swiss Government that refugee children reaching Switzerland from France would be evacuated elsewhere, our Embassy in Montevideo advised us that the Government of Uruguay has now formally agreed to the admittance of 500 refugee children.

FOOD PARCELS PROGRAM

International Red Cross delegates already departed for Göteborg have instructions to make all necessary arrangements to handle, label, and reforward the initial shipment of 15,000 parcels arriving on the "Gripsholm" for concentration camps in enemy occupied Europe.

Recent reports from International Red Cross delegates in Germany relayed to us by McClelland state that concentration camp commanders have received orders that much stricter measures concerning relief for prisoners are to be applied. It will, for example, be impossible to make collective shipments to the camp at Buchenwald; only individual parcels may be sent. Consignments may be stopped entirely in some camps.

- 4 -

At the request of the WJC, McClelland was advised that World Jewish Congress felt that the program for 300,000 food parcels for internment camps specified by the International Red Cross would not benefit many Jews. A list of other camps believed to contain many Jewish internees was given to McClelland with the request that he discuss the matter with the International Red Cross.

CONDITIONS IN CONCENTRATION CAMPS

The Zagreb delegate of the International Red Cross made a visit in July to work camps in Czechoslovakia and Croatia, accompanied by the Director General of the Police Department and the Under Secretary for Work Camps in the Ministry of the Interior. He reported that conditions in these camps are on the whole tolerable, although primitive. The health of the internees is fair, but working hours in shop and field (7 a.m. to noon and 2 to 5 p.m.) are long for persons living on a monotonous and often insufficient diet, consisting mainly of corn meal and vegetables. Christians and Jews are housed under strict "ustachi" guard, men and women separated. The general need for clothing and shoes in all of these camps is urgent.

Because of unofficial reports reaching us indicating that the International Red Cross Committee is under the impression that Theresienstadt is a privileged camp and that it does not consider action for inclusion of its inmates within the scope of Intercross activities necessary, we cabled our representatives in Bern requesting them to advise Intercross that the Board has received repeated reports of recent deportations from Theresienstadt to extermination camps which, if true, indicate that its inmates enjoy no security. We pointed out that, in view of the well-known inclinations in certain official circles in Germany to exterminate the maximum number of Jews before the end of the war, a sudden deterioration of position in Theresienstadt and elsewhere is likely unless adequate precautions are speedily taken. We expressed the hope that the International Red Cross will extend its protective activities to Theresienstadt inmates, including distribution of Palestine certificates and other documents entitling them to partial assimilation with civilian internees, eligibility for exchange, and general Intercross supervision. It is our view that in the coming critical weeks attempts to correct existing unsatisfactory conditions are not enough and that it is important to be prepared to deal with sudden deterioration. We therefore urged the International Red Cross to take preventive as well as corrective measures, in the conviction

- 5 -

that if the requested line of action beyond the traditional pattern of Intercross activities is unprecedented, so is the situation.

SITUATION IN SLOVAKIA

We learned from Lisbon that the Jews in Slovakia are in peril and that the ability of the International Red Cross to help is extremely limited.

SITUATION IN BULGARIA

Ambassador Harriman advised us that because of the rapid developments in Bulgaria he had not yet approached the Soviet Government with a request that it press the Bulgarians to cease persecution of the Jews. It was his feeling that such an approach at this point would not be useful and that Soviet cooperation in this matter can be sought later if such a need develops.

In Ankara the new Muraviev government was reliably reported to be sympathetic by background to the problems of Bulgaria's minorities and its Jewish citizens. Our representative believes that it can be expected to carry out the policies initiated by the former Bagrianov government with respect to revocation of anti-Jewish laws and restoration of Jewish rights in Bulgaria.

SITUATION IN RUMANIA

The Apostolic Nunciature in Bucharest was informed by the Rumanian Government that the latter is disposed to grant recent requests regarding the treatment of Jews. At the same time, it was pointed out that concentration camps for Jews no longer exist in Rumania.

From Italy we were advised of a report received at AFHQ from a representative of the Office of Strategic Services in Rumania concerning several hundred refugees from Poland and Hungary in Bucharest who are in desperate need of immediate assistance. The report requested that the information be communicated immediately to the Board's representative with a recommendation that funds be sent at once to Bucharest to alleviate the tragic situation of these people. Our reply called attention to the fact that relief to refugees in liberated areas is not within the jurisdiction of the Board. At the suggestion of the Board arrangements were made for private assistance through Switzerland to the Polish and Hungarian refugees in question.

EVACUATIONS THROUGH SPAIN

About 155 Sephardic Jews holding Spanish passports are now held at Camp Belsenbergen near Hanover. Their entry into Spain has been promised by the Spanish Government, and it is understood that exit permits are now available. Because of imminent danger to the lives of these persons, we requested Ambassador Hayes to intercede immediately and vigorously with the Spanish Government to bring about their release and admission into Spain. The assurances which we have given with respect to the speedy evacuation of refugees from Spanish territory fully apply to these persons. The Spanish Government is being urged to place these people under the direct protection of Spanish diplomatic or consular personnel and by all other appropriate methods to exercise the greatest possible vigilance in safeguarding their lives in the event that military developments make their transportation to Spain impossible.

Following the departure of a group of 410 French refugees for North Africa on August 14, it was estimated that not more than 200 French refugees remained in Spain. A total of approximately 2,400 refugees have been evacuated from Spain since the first of the year.

RECOGNITION OF LATIN AMERICAN PASSPORTS

Board representative McClelland has reported from Bern that German non-recognition of Latin American passports held by Jews in German-controlled territory was originally founded on their alleged doubt as to the eligibility of the persons concerned for exchange and the acceptance of the documents involved by the issuing governments. Now that eligibility for exchange has been confirmed and the issuing governments have notified Germany through their protecting powers that the document holders must be protected notwithstanding any doubts as to the validity of the documents, German authorities advance the argument that their refusal of the right of the interested individual to claim Latin American citizenship is based not on expiration of the validity of the passports but on their view that antecedents of the Jews involved and the type of identity papers which they have constitute adequate evidence that they obtained such papers "ad hoc." We have asked the Swiss to stress the position of this Government that it is unable to recognize any right of the German authorities to pass upon the validity of documents issued in the name of other sovereign governments and that we refuse as irrelevant any attempt by German officials to question the validity of Latin American documents by reason of antecedents of the Jews involved, or the type of identity papers, or on any other basis. All of these excuses are emphatically rejected by

- 7 -

this Government, and the attention of the German officials involved is to be drawn to the serious consequences of their attitude.

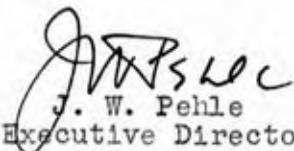
Since in many instances the holders of identity papers of this nature have not been reported to the Swiss Legation in Berlin, it might happen that, in the event of an inquiry by German officials as to whether a particular individual is among those protected by it, the Legation would be unable to supply data regarding the nationality claimed by the interested individual. The Swiss Legation therefore suggested that lists as complete as possible of bearers of these papers be prepared by the governments in whose names such identity papers were issued. Inasmuch as war conditions have interfered with communications between Latin American governments and their European missions, resulting in incomplete records, the compilation of such lists would be difficult. We accordingly suggested that McClelland and local representatives of organizations which have records on this subject endeavor to obtain lists as complete as possible to transit to the Swiss authorities. The urgency of confirming to the Swiss the authenticity of such lists will be suggested to the various Latin American governments. It is hoped, however, that the Swiss will agree to transit the lists to Germany without such confirmation in view of the humanitarian considerations involved and of this country's status as the Power handling exchange of persons whose eligibility would be established by their being placed on the lists. As a precaution, the Swiss and the Germans are to be informed that such lists cannot be considered complete and that, in the event of inquiries concerning persons not listed as protected by Switzerland, it is expected that such persons will be treated as and accorded all the rights and privileges of citizens of the countries whose nationality they claim, pending appropriate investigation by the Swiss.

RELIEF FOR REFUGEES IN LIBERATED AREAS

Several requests for financial assistance for relief for refugees in areas liberated by Allied military forces have been received by the Board. For their information and guidance, the Board's representatives in Italy, Switzerland, Sweden, Portugal, Turkey, and England have been advised that Board activities are to be strictly limited to the rescue and relief of victims of enemy oppression in imminent danger of death, that is, still in enemy territory. Refugee problems in liberated areas are not regarded as being within the Board's functions. Requests limited to the relief and assistance of refugees in areas liberated from the

- 8 -

Germans are to be referred to the United Nations Relief and Rehabilitation Administration, appropriate military authorities, the Intergovernmental Committee, private refugee organizations, or other national or international groups authorized to deal with problems of this nature. This interpretation of the Board's functions, is not, however, to be construed to limit its activities for the removal of refugees from liberated areas where their presence serves to discourage and prevent the rescue of additional refugees from enemy-occupied areas.


J. W. Pehle
Executive Director

PARAPHRASE OF TELEGRAM RECEIVED

FROM: AMERICAN EMBASSY, LONDON

TO: Secretary of State, Washington

DATED: September 20, 1944

NUMBER: 7784

SECRET

Reference Department's 7605, September 18, your recommendation concerning supplies for Pruszkow is agreeable to MEW. On September 19 Legation Stockholm was informed by Embassy.

WINANT

DCR:er

12-2-44

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

CORRECTION

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

September 20, 1944

Re 386 from Caserta dated September 14, 9 a.m. In 4th
line delete "probable" and insert "new angle" making line read
"suggested new angle prepaganda approach which is submitted".

DIVISION OF COMMUNICATIONS AND RECORDS

MJF

CABLE TO NORWEB, LISBON, FOR DEXTER FROM WAR REFUGEE BOARD

Reference your No. 2702 of September 1 (Lisbon's WRB 172).

Please advise Weissman that World Jewish Congress here authorized him to reimburse you in amount of 22,604.90 escudos advanced by you to purchase furniture for reception center at Pasco d'Arcos.

THIS IS WRB CABLE TO LISBON NO. 95

10:45 a.m.
September 20, 1944

FHodel

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

September 20, 1944

5 p.m.

AMEMBASSY

LISBON

2559

The following for Dexter is WRB 95.

Reference your No. 2702 of September 1 (Lisbon's
WRB 172)

Please advise Weissman that World Jewish Congress
here authorized him to reimburse you in amount of
22,604.90 escudos advanced by you to purchase furniture
for reception center at Pasco d'Arcos.

HULL
(MMV)

WRB:MMV:KG
9/20/44

WE

BJR-838
Distribution of true
reading only by special
arrangement. (SECRET V)

Lisbon

119

Dated September 20, 1944

Rec'd 8:08 p.m.

Secretary of State,

Washington.

2938, September 20, 5 p.m.

Names referred to in Embassy's 2876, September 14 are identical with those in your telegram 2524 September 19, for which many thanks. Airgram authorizations for Cabezas family and San Martin arrived September 16 and transit visas have been issued. Now having serious difficulties with Portuguese police regarding their exit visas. This is WRB 198. Palecio and Gomez family authorizations not yet here.

Family Belarmino Teral Taibe left for Canada September 16 having suddenly received Canadian visa, and United States transit visa given them automatically as part of group. Could not wait here longer.

Hereafter will telegraph names when airgrams are sent.

NORWEB

JMB:WVG

KD-952

PLAIN

Lisbon

Dated September 20, 1944

Secretary of State

Washington.

2241, Twentieth, 8 p.m.

FOR LEAVITT FROM PIRPEL.

JDC 76, WRB 199, car 66 containing Perlman's request decision regarding financial assistance Jews in Yugoslavia referred following long delayed message from Perlman which just received.

"Received request \$5000 one time grant for aid approximately 1400 Jews in partisan territory Yugoslavia. Group formerly interned Island of Arbe. Discussed matter with head partisan Red Cross who admits great need but reluctant permit aid one group population though will do so if we insist. I strongly recommend we grant \$10,000 half to be used for Jews. Advise decision soonest".

HORVET

HPL

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

September 20, 1944

6 p.m.

AMLEGATION
STOCKHOLM

1883

The following for Olsen is WRB 86.

Several thousand Lithuanian Jews are reported held in camp Krotingen, in Lithuanian-East Prussian border region. Seventy-five hundred are said to have been deported from Kaunas to East Prussia. Great anxiety is felt here for their lives. Please urgently endeavor to extend to the Krotingen inmates and any Jewish deportees from Baltic states in East Prussia the measures indicated by you in your 3565 of September 11 as now being applied to Jews remaining in Baltic countries.

It is reported that many Jews, perhaps 60,000 persons, survive in Lodz, Poland. It is feared that they may be massacred as a prelude to German retreat. Please use whatever means are at your command and take such measures as may be feasible to avert any such tragedy.

With reference to persistent reports of renewed or impending deportation of Jews from Hungary and Slovakia by order of German authorities, you are requested unofficially to convey to appropriate individual German officials through all channels that may be available to you the strongest possible representations against these deportations. You should make clear this Government's unflinching determination to see to it that all persons participating in any form whatsoever in these deportations or in any other form of persecution are apprehended and punished. Wallenberg's contacts as well as your own may be used in this connection.

The Germans are removing from civilian internment camps Polish and other Jews holding documents issued in the names of American Republics. As a result of Board's efforts, the United States and other American Republics have informed the German Government through their protecting powers that such documents must be deemed valid and that such persons must be treated in the same manner as unquestioned nationals of these countries. Nevertheless, removals continue, presumably to extermination centers. Please endeavor through any unofficial channels that may be available to you to convey the sense of the following to appropriate German officials. Foreign Office and other officials who bear any responsibility for the consignment of persons to whom documents have been issued in the name of an American Republic to extermination or other forms of persecution must expect personally to bear the consequences. If

-2- #1883, September 20, 6 p.m., to Stockholm

American republics, horrified by the bestiality and brutality of Nazi mass-slaughter accord to some persons the protection of their passports or other documents, individual officials of the German and satellite foreign offices and foreign police ought to be anxious to avail themselves of such or any other opportunity to save innocent lives. If, instead, they indulge in fine reasoning and take action which is tantamount to sentencing such persons to persecution or death, they thereby assume the responsibility and invite the consequences therefor. Furthermore, their failure to seize every available opportunity to save lives will be considered as strong evidence of their concurrence with the policy of mass-slaughters of Jews and other civilian populations and their participation in such crimes, the consequences for which formed the subject of President Roosevelt's statement of March 24.

HULL
(MMV)

WRB:MMV:KG
9/19/44

NOE

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ARA

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Stockholm
TO: Secretary of State, Washington
NUMBER: 3772
DATED: September 30, 1944

SECRET

This message is repeated to London as No. 1121 today.

When Department determines policy concerning increased applications for forwarding food parcels to civilians interned in Germany, we ask that consideration be given to JSC application V/781 to send 93 tons foodstuffs to Jews interned in Germany (received on behalf Swedish Section of World Jewish Congress) at the same time.

Consignment will be forwarded in separate five kg parcels and includes fifteen tons of American bacon and twenty tons of Danish sugar.

DGR:OPV
10-17-44

JOHNSON

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: September 20, 1944
NUMBER: 3246

SECRET

FOR MCCLELLAND.

Amembassy Madrid advises that Spanish visas have been granted to 500 Jewish children and 70 accompanying adults in Hungary, but that their departure is being held up by refusal of German authorities to grant transit visas. It is reported that pending departure these persons have been placed under Intercross supervision. Please verify this report and, unless confirmed, request Intercross to undertake such supervision of these beneficiaries of Spanish visas, to prevent their deportation or persecution.

You may also inform Intercross that another fifteen hundred Spanish visas have been authorized for Jews in Hungary. To ensure their safety, Intercross representation in Hungary is requested, likewise to assume supervision of the beneficiaries of these additional visas as soon as feasible.

THIS IS WRB CABLE TO BERN NO. 176

HULL

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: September 20, 1944
NUMBER: 3245

CONFIDENTIAL

To Minister Harrison and McClelland, Bern, Switzerland.

With reference to persistent reports of renewed or impending deportations of Jews from Hungary and Slovakia by order of German authorities, you are requested to convey to German authorities through official Swiss channels this Government's most emphatic protest against these deportations and its unflinching determination to see to it that all persons participating in any form whatsoever in these deportations or in any other forms of persecution in Hungary or Slovakia will be apprehended and punished.

In this connection, and referring to ultimate paragraph your 5109 of August 8, attention of German authorities should also be called to position of this Government with respect to deportations from recognized civilian internment camps of persons holding documents issued in the name of American Republics. Unless all such persons are immediately returned to civilian internment camps supervised by Intercross, the German authorities responsible will be held strictly accountable.

In addition, the strongest possible unofficial representations on both points should be made to appropriate individual German officials through all channels that may be available to you.

THIS IS WRB CABLE TO BERN NO. 178

HULL

CABLE TO HARRISON, BERN, FOR MCCLELLAND FROM PEHLE

Reference your No. 6110 of September 16, 1944.

On behalf of the War Refugee Board, I wish to express to you and Saly Mayer our sincere appreciation for your courageous efforts in these personally trying negotiations which involved unprecedented difficulties. JDC also wishes to express its appreciation to you and Saly Mayer.

THIS IS WRB CABLE TO BERN NO. 180

3:40 p.m.
September 20, 1944

FHo&id
9/20/44

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: September 20, 1944
NUMBER: 3249

SECRET

CABLE TO HARRISON, BERN, FOR MCCLELLAND FROM PEHLE

Reference your No. 6110 of September 16, 1944.

On behalf of the War Refugee Board, I wish to express to you and Saly Mayer our sincere appreciation for your courageous efforts in these personally trying negotiations which involved unprecedented difficulties. JDC also wishes to express its appreciation to you and Saly Mayer.

THIS IS WRB CABLE TO BERN NO. 180

HULL

No. 9278

Via Air Mail Pouch

Bern, September 20, 1944.

Subject: Latin American Interests - France.
Whereabouts Jews detained Clermont,
Compiègne, Drancy, and Vittel.

The American Minister at Bern has the honor to refer to enclosure No. 1 of the Legation's airmail despatch No. 9250 of September 15, 1944, which was a copy of a note dated September 5, 1944, from the Swiss Foreign Office regarding Jews detained at the civilian internment camp at Vittel, France.

There is now attached, for the Department's information and records, a translation of a note dated September 16, 1944, from the Swiss Foreign Office. In this it is stated that Mr. Sethe, an official of the German Foreign Office has informed the Swiss Legation at Berlin that according to a report dated September 12, 1944, the persons detained at the camps at Clermont, Compiègne, Drance, and Vittel, France were liberated by the Allied troops. Mr. Sethe therefore believes that the fourteen Jews whose deportation was ordered in June, 1944 and the other Jewish internees in France remained in that country and that inquiry might be made of the Allied authorities there as to their present whereabouts.

It may be observed that the Swiss Legation at Berlin states that a more detailed report will be submitted regarding the matter. Upon receipt of this report it will be promptly submitted to the Department.

Enclosure:

Translation of note dated September 16, 1944
from Swiss Foreign Office.

File No. 840.1
GMG/mep
In quintuplicate to the Department.

Enclosure No. 1 to despatch No. 9278
dated September 20, 1944, from the
American Legation, Bern.

TRANSLATION

FEDERAL POLITICAL DEPARTMENT
DIVISION OF FOREIGN INTERESTS

B.24.2 A 3 - CL/GK
45819

With reference to its note B.24.2.A. CL/GK (44062) of September 5, 1944, concerning the situation of Jews claiming Latin American anationality, the Division of Foreign Interests of the Federal Political Department has the honor to inform the Legation of the United States of America that it recently asked the Swiss Legation at Berlin to endeavor to ascertain what had become of the Jews who were detained at the camps at Clermont, Compiègne, Drancy, and Vittel when the German troops retreated from France.

In reply, Mr. Sethe of the German Foreign Office advised the Swiss Legation that, according to a report dated September 12, the persons detained at the camps of Clermont, Compiègne, and Drancy were liberated by the Allied troops. Those who were at Vittel were taken by the Allied forces when an attempt was being made to transfer them to Germany. Among these persons were the fourteen Jews whose deportation had been ordered by the Gestapo in June, 1944 and who had remained at Vittel in view of their poor health.

With regard to the groups of Jews who were deported from Vittel in April and May, 1944, regarding whose present whereabouts the Federal Political Department had also inquired, Mr. Sethe stated to the Swiss Legation at Berlin that according to information he had received no Jews were transferred from Vittel to Bergen-Belsen. The inquiry made by the representative of the "Ozeansicherheitshauptamt" at the German Legation at Paris could not be completed. The Jews concerned were without a doubt first transferred to Drancy and Compiègne, and Mr. Sethe is personally convinced that they never left France.

The Swiss Legation at Berlin therefore believes it may be possible to learn from the Allied authorities in France whether the Jews in question were found at Drancy and at Compiègne.

The Swiss Legation

The Swiss Legation states it will submit a more detailed report regarding this matter, the substance of which the Federal Political Department will not fail to submit to the Legation as soon as it is received.

The Federal Political Department avails itself of this occasion to renew to the Legation the assurances of its high consideration.

Bern, September 16, 1944.

To the
Legation of the United States of America,
Bern.

GMG/mep

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern
TO: Secretary of State, Washington
DATE: September 20, 1944
NUMBER: 6219

CONFIDENTIAL

The message given below refers to the Department's September 11 telegram No. 3141.

According to note from Federal Department dated September 18, Federal Council, under reservation Hungarian Government's assent, is fully disposed to assume representation Nicaraguan interests. Instructions to seek said government's agreement have been sent to Swiss Legation at Budapest.

The above is for Nicaraguan interests Hungary.

HARRISON

DCR:EBH 10/7/44

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

September 20, 1944

5 p.m.

AMEMBASSY

ANKARA

810

The following for Hirschmann is WRB 112.

Reference your No. 1655 of September 5 (Ankara's
WRB 149).

While Board believes that it would be most helpful
if you or Katzki, or both, could proceed to Bucharest,
it is not possible to authorize the trip at this time
since broader questions not relating to refugee matters
are still pending clearance by State Department and other
interested agencies. You will be advised as soon as a
decision has been reached. JDC is willing for Passman
to accompany you if you make the trip.

HULL
(MMV)

WRB:MMV:KG
9/20/44

NE

SE

DEPARTMENT OF STATE

INCOMING TELEGRAM

DIVISION OF COMMUNICATIONS AND RECORDS

RA- 614
This telegram must be paraphrased before being communicated to anyone other than a Government Agency. (SECRET O)

Chungking via Navy
Dated September 20, 1944
Rec'd 9:45 a.m.

DEPARTMENT OF STATE
DIVISION OF
SEP 29 1944
COMMUNICATIONS
AND RECORDS

Secretary of State
Washington

1582, September 20, 8 a.m.

FOR SECRETARY OF TREASURY FROM FRIEDMAN.

One. Note circulation figures for April through July (in billions cn) 104.4, 113.8, 122.8, 129.1.

Two. Central Bank gold sales totalled 51,416 ozs. in August, about 35,000 for forward delivery. September 1-15 sold 58,433 all forward; 51,485 during 2nd week; about 30,000 on September 14. According to Kwok heavy sales in second week due to market intwing of arrival of gold shipment on September 8. 40,000 ozs. of 41,000 shipment delivered to purchasers on September 11; heavy sales on September 14 because announcement that other 3 Government banks begin accepting gold deposits on September 15 taken to indicate Central Bank would stop sale of gold for delivery on arrival. Gold deposits by individuals in Central Bank since beginning program total 1413 ozs.

Three.

-2- 1582, September 20, 8 a.m. from Chungking via Navy

Three. Open market gold price rose from cn 23,500 (selling) September 1 to cn 30,000 September 8. September 9 dropped to cn 26,000 and cn 19,000 September 11, By September 15 up to cn 24,000, September 15 Kunming, gold at cn 26,500.

Four. Market here for United States currency notes erratic. Rate for September 1, 8 and 15 were 210, 260, and 240. Small demand during second week. In Kunming United States notes at 225 (September 15) rupee notes 97, United States dollar certificates 160, rupee drafts 75.

Five. Kewilin branch Central Bank evacuated to Linchow September 15.

GAUSS

LRLI

NOT TO BE RE-TRANSMITTEDSECRETOPTEL No. 307

Information received up to 10 AM 20th September 1944.

1. NAVAL

A Motor

Home Waters 19th./Launch mined in entrance OSTEND Harbour and later beached.Mediterranean 16th. A British Cruiser with escort carrier force sank three small ships off MILO ISLAND o
bombarded CANDIA Harbour and HERAKLION Airfield. Aircraft from carriers destroyed 23 M.T. on CRETE, damaged a cargo ship and attacked RHODES Harbour.

17th. Destroyers shelled troops and batteries in RIMINI area. Anti-Submarine Operations 19th. One U-boat sunk off MILO ISLAND by six Destroyers. Liberators probably sank two U*Boats N.E. of SHETLANDS, many survivors seen in dinghies.

2. MILITARYWestern Front U.K. armoured force have reached area MIJMEGEN after passing through areas secured by airborne troops. In area of ARNHEM U.K. airborne troops are engaged against strong opposition to secure main road bridge over LOWER RHINEItaly Very heavy fighting continues on Eighth and Fifth Army fronts. In ADRIATIC Area Canadian troops have gained a foot hold on commanding FORTUNATA feature West of RIMINI and further inland U.K. troops have also made a small advance. North of FLORENCE U.S. troops have advanced two to three thousand yards from M. PRATONE and M. ALTUZZOLI thus crossing watershed in area south of FIRENZUOLA.Aegean Commando Force has landed on KITHERA ISLAND evacuated by the Germans.Russia In Northern Sector Russians have captured VALKA and Southeast of RIGA have made a general advance on 75 mile front including capture of one place 10 miles S.S.E. of RIGABalkans Russian and Roumanian troops have occupied TIMISORA 71 miles N.E. of BELGRADE.3. AIR OPERATIONSWestern Front. 18th/19th. 867 tons dropped on BREMERHAVEN and 34 tons on BERLIN. 19th. 612 aircraft (39 missing) despatched to drop and land troop reinforcements and supplies in HOLLAND. Supporting fighters inflicted 25:16 enemy casualties for loss of 9 fighters. 679 escorted Fortresses attacked N.W. GERMANY dropping 970 tons on six railway objectives, 162 tons on Ordnance Depot near DORTMUND, 98 tons on WEISBADEN and 388 tons on other targets with good results. Enemy casualties 31:1 for 10 bombers and 1 fighter missing.

Coastal Command aircraft set fire to a 1,500 ton ship and an armed trawler and also damaged 2 ships of 5,000 and 1,500 tons off STADTLANDET.

19th/20th. Aircraft despatched: 237, (5 missing) to RHEYDT (South of MUNCHEN-GLADBACH) and 32 bomber support.

Mediterranean 17th/18th. Allied bombers dropped 190 tons on BRESCIA railway centre. 18th. 1,149 medium bombers and fighters, (7 missing) attacked communications and strong points in NORTHERN ITALY. 19th. 96 escorted Liberators dropped 236 tons on railway bridges at MITROVIKA (60 miles S.W. of NIS) and KRALJEVO (80 miles South of BELGRADE) with good results.

LUNCHEON FOR SECRETARY MORGENTHAU

OFFICER'S DINING ROOM

FEDERAL RESERVE BANK

12:30 - SEPT. 21st

* * * *

MR. BARTLETT - Executive Manager - War Finance Committee of Illinois

MR. BOYLES - Bond Chrm., War Activities Committee of the American Bankers Asso.

MR. ELLIS - V.P., Lee Higginson Corp.; Chrm. Chicago & Cook Co. WFC-1st Loan

MR. HALL - Partner, Harris, Hall & Co.; Assistant to the Secretary

MR. HELM - Pres., Natl. Bank of Bloomington; Vice Chrm. WFC of Illinois

MR. KNIGHT - Senior V.P., Cont. Ill. Natl. Bank; Chrm. Chgo. & Cook Co. WFC-6th Loan

MR. MC NAIR - Exec. V.P., Harris Trust & Sav. Bank; " " " " -4th Loan

MR. PORTER - V.P., First Natl. Bank of Chicago; " " " " -3rd Loan

MR. PRESTON - 1st V.P., Federal Reserve Bank of Chicago

MR. SHERER - Chairman, WFC of Illinois

MR. SIHLER - V.P., Federal Reserve Bank of Chicago

REPRESENTATIVES OF THE PRESS WHO WILL BE PRESENT AT THE PRESS
 CONFERENCE FOR HONORABLE HENRY MORGENTHAU, JR. AT 2:00 P.M.
 SEPTEMBER 21, 1944.

Chicago Evening American

Hal Thompson

Associated Press

Representative not designated

Chicago Daily News

Herman G. Seely

United Press

Representative not designated

Chicago Daily Times

Representative not designated

Chicago Daily Tribune

Thomas Furlong

Chicago Journal of Commerce

Herbert Fredman

Chicago Daily Sun

John H. Pitt

Wall Street Journal

George Grimes

J. P. Butler

International News Service

Representative not designated

City News Bureau

L. L. Mulloy

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE Sept. 25, 1944

TO Mrs. Klotz
FROM Mr. Shaeffer



As you probably know, Secretary Morgenthau, last Thursday, attended a cocktail party in Chicago tendered by representative business men.

The attached is a list of those present, identified properly, for his information.

September 21, 1944

139

Guest list for cocktail party in Chicago
tendered by representative business men, which
HM, Jr attended.

Mr. Ralph Atlass - WIND and other radio stations
230 N. Michigan Avenue, Chicago

Mr. Leslie Atlass - Vice Pres. Columbia Broadcasting System, Inc.,
410 North Michigan Avenue, Chicago

Mr. Sam Levin - Amalgamated Clothing Workers of America
333 South Ashland Avenue, Chicago

Mr. Robert Straus - Vice Pres. American National Bank of Chicago
33 North LaSalle Street, Chicago

Mr. Morris Feiwell - Vice Pres. American National Bank of Chicago
33 North LaSalle Street, Chicago

Mr. Joseph Overlock - Vice Pres.
Continental Illinois National Bank & Trust Co.
231 South LaSalle Street, Chicago

Mr. E. E. Brown, - Pres. The First National Bank of Chicago
38 South Dearborn Street, Chicago

Mr. Charles Luckman - Pres. The Pepsodent Co.,
141 West Jackson Blvd., Chicago

Frank Sulzberger, - Pres. Enterprise Paint Mfg. Co.,
337 South Peoria Street, Chicago

Mr. Max Epstein, Chairman, General American Tank Car Corp.,
135 South LaSalle Street, Chicago

Mr. Elmer Stevens - Pres. Chas. A. Stevens & Co.,
19 North State Street, Chicago

Mr. Arthur N. Horwich - Pres. Chicago Curled Hair Co.
2301 South Paulina Street, Chicago

Mr. Walter E. Heller - Walter E. Heller & Co.,
105 West Adams Street, Chicago

Mr. Sol. Kline - Kline Service Co.,
310 South Michigan Avenue, Chicago

Mr. L. E. Blook - Inland Steel Co.,
38 South Dearborn Street, Chicago

Mr. James Becker - A. G. Becker & Co.,
120 South LaSalle Street, Chicago

Mr. Harry N. Gottlieb - Gottlieb & Schwartz, Lawyers -
Pres. Michael Reese Hospital of Chicago
231 South LaSalle Street, Chicago

-2-

Hon. Ulysses S. Schwartz - Judge of the Superior Court of
Cook County, County Building, Chicago, Ill.

Mr. Charles K. Schwartz - Gottlieb & Schwartz, Lawyers
231 South LaSalle Street, Chicago

Mr. William J. Friedman - Gottlieb & Schwartz, Lawyers
231 South LaSalle Street, Chicago

Mr. Claude A. Roth - Trustee, Chicago & Northwestern R.R.,
400 West Madison Street, Chicago

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Given to HM Jr at meeting with War Finance
people in Chicago on Sept. 21, 1944.

U. S. TREASURY DEPARTMENT

WAR FINANCE COMMITTEE OF ILLINOIS

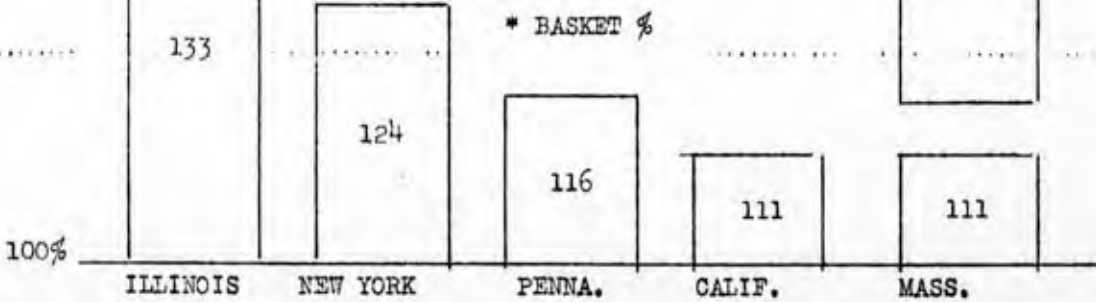
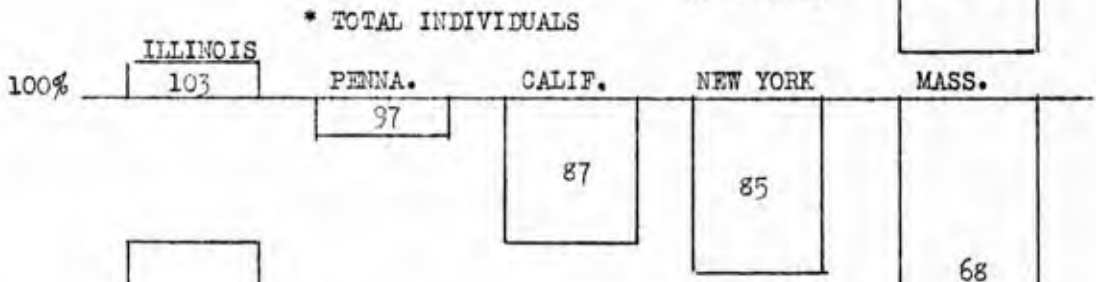
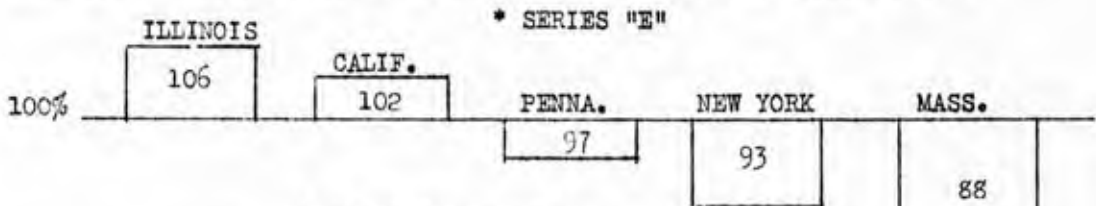
August 18, 1944
Bulletin No. 46
(Not for Publication)

CREAM OF THE CROP

In tobacco it may be Virginia, in horses, Kentucky, but in WAR LOANS, it's Illinois!

You will recall that in the Fourth War Loan, Illinois topped the comparable states of the Union with an over-all percentage of sales to quota of 134%. In the Fifth War Loan, Illinois has not only kept its No. 1 position in percentage of over-all total sales to quota, but also in each category -- E Bonds, individual sales, and corporate sales as well.

Here are the figures of the five states having the largest quotas:



To the 102 County Chairmen, Drive Chairmen, and County Committees, and especially to the 49 counties which exceeded all quotas, and to the army of a quarter of a million volunteers, goes the credit for this team job and entitles this selling organization to the appropriate honor - "CREAM OF THE CROP."

RENSLOW P. SHERER, Chairman

* Statistics used for Illinois are from final Federal Reserve Bank report; for other states, from final report of the Division of Research and Statistics, Treasury Department, Washington, D.C.

P R O G R A M

THE JEWISH WELFARE FUND OF CHICAGO

Special Fall Meeting

THURSDAY, SEPTEMBER 21, 1944 • 8:00 P. M.

GRAND BALLROOM OF THE STEVENS HOTEL

-
- Presiding Chairman JUDGE ULYSSES S. SCHWARTZ
President, The Jewish Welfare Fund
- "The Star-Spangled Banner" BENJAMIN LANDSMAN
- Invocation RABBI FELIX LEVY
- The J. D. C. in a World at War JOSEPH C. HYMAN
*Executive Vice Chairman
Joint Distribution Committee*
- America's Historic Task—To Help Save the
Lives of Persecuted Peoples Everywhere HON. HENRY MORGENTHAU, JR.
*Secretary of the Treasury
Member of the War Refugee Board*
- How Chicago Is Writing *Its* Memo to G. I. Joe ELMER T. STEVENS
*President, The Community and War
Fund of Metropolitan Chicago*
- Palestine—Its Record of Achievement RABBI JAMES G. HELLER
Chairman, United Palestine Appeal

THE JEWISH WELFARE FUND

is a Member Agency of

THE COMMUNITY & WAR FUND OF METROPOLITAN CHICAGO



9/21/44

145

Secretary's address before a mass meeting
of the Jewish Welfare Board to inaugurate the cam-
paign of the Community and War Fund of Metropolitan
Chicago, at the Stevens Hotel, Chicago, Thursday,
September 21, 1944.

A readiness to help one's fellow-men has always been a hallmark of the kind of civilization which we are now waging war to preserve. Never has there been more urgent need for it than now when the end of the war is approaching. For we shall be able to make our victory real only if we succeed in binding up the world's wounds, only if we can relieve and heal the terrible suffering which the war has caused.

This special meeting of the Jewish Welfare Fund is designed to encourage the Jewish Community of Chicago to give its generous support to the Community and War Fund of the Metropolitan area.

- 2 -

The Jews of Europe, who have suffered so terribly from Nazi savagery have special need of your help. It will be heartening to them to know that in this community, far away from the turmoil and destruction of the war, Jews and non-Jews together are striving to assist them.

All of you who share in this great effort have cause for gratification. ~~But~~ There is something lost, I think, if men are deprived of the privilege of lending, voluntarily, a helping hand to their fellow-men and to the causes in which they believe. In a democracy there must always be room for the voluntary participation of individuals banding together to meet the problems of society.

- 3 -

Charity, like mercy, is twice blessed. "It blesseth him that gives and him that takes."

Fund raising efforts such as the one which you are now undertaking do more than anything else to give us a sense of human solidarity. Their benefits, when they are directed to needs at home, do much to improve the morale and physical well-being of our people and thus make our country stronger - in peace as well as in war. When these benefits are directed overseas, they help to preserve the concepts for which we are fighting - human decency and dignity. They keep alive the values of our civilization.

- 4 -

Pause

Private agencies, such as those that make up the United Jewish Appeal, administering funds voluntarily contributed, have for many years been carrying on important programs overseas, furnishing rescue, relief and encouragement to millions of persecuted and impoverished people in Europe. We know that these activities have done much to bolster their will to live and to carry on. Refugees coming out of Nazi-dominated territory have testified that it has been a source of great strength to them to know that America cares about what happens to them - and cares enough to do something constructive in their behalf.

- 5 -

My conviction in this regard has been strengthened by the whole of my experience with the War Refugee Board, established eight months ago through the vision and humanitarianism of President Roosevelt. It is my privilege to share membership on the Board with Secretary Hull and Secretary Stimson, and to serve with its Executive Director, John W. Pehle.

In creating the War Refugee Board, the President declared: "It is the policy of this Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war."

- 6 -

With a small staff in Washington, with a handful of able representatives in strategic neutral countries, the Board has carried on a host of activities in relief, in rescue, and in psychological warfare - all designed to save the lives of persecuted peoples.

Life-saving in an occupied country during a war is not a simple matter. All over Europe the Board has carried on its work with the great care necessary in such complex operations. It has participated in the rescue of thousands from the Balkans across the Black Sea to Palestine - in the rescue of many over the Pyrenees to and through Spain and Portugal - in the relief of many weary victims of Hitler's persecution who had found sanctuary in Sweden and Switzerland.

- 7 -

It has cooperated in establishing many refugee camps in Africa and, through the President's leadership, an Emergency Refugee shelter at Oswego, in the United States.

It has taken the lead in sending food packages from this country to helpless internees in European camps.

In the Hungarian crisis it took many steps which undoubtedly helped stay the deportation of Jews and relieve their condition. It has used all the old techniques and invented some new ones. It has applied them all to the saving of human life.

.....

- 8 -

In all its operations, the Board has worked in the closest cooperation with private agencies. Many of its programs in relief and rescue work have utilized the personnel, the funds and the experience of those private agencies in which you are particularly interested and which you are supporting. In addition, it has had the warmest sort of support and assistance from numerous non-Jewish organizations - the American Friend's Service Committee, the Unitarian Service Committee, the International Committee of the Red Cross and many others.

- 9 -

The rescue operations from the Balkans were actually carried on by the Jewish Agency of Palestine and the Joint Distribution Committee. Part of the expense of feeding persons in Hungary and other occupied countries has been met by JDC. Without the help of such agencies these activities might have been "too little and too late."

Some of you may wonder why the work of the War Refugee Board has not been carried on and financed exclusively by the Government. Let me explain why I think it better that it was done jointly by both private agencies and the Government.

- 10 -

When the Board was first established, it was obvious that speed was essential. Millions of unfortunate people were in danger of sudden violent death or deportation. The pace of the war indicated that sudden military and diplomatic moves were impending. There was the terrible prospect that in the last days of his control, Hitler would suddenly undertake new measures of persecution and extermination. It was imperative that speedy machinery be employed.

In the light of this situation, the Board decided to rule out, wherever possible, all plans and devices that involved undue delay.

- 11 -

It was quickly apparent that there were honorable,
seasoned private organizations in this field who
were equipped with everything except the kind of
support which could come only from the Government
of the United States. The main ingredient that
was lacking was a vigorous statement of policy by
this Government, and its application in all possible
ways.

It seemed perfectly logical that a relationship
should be established between the private agencies and
the Government in order that the maximum number of
lives should be saved in the minimum time.

- 12 -

For its part the Government could contribute the weight of its prestige, its diplomacy, its communication channels, its licensing and transportation facilities - wherever these did not interfere with the winning of the war. For their part the private agencies could give detailed knowledge, seasoned personnel, long experience, and quickly available funds.

A partnership was speedily arranged. War Refugee Board originated, expedited, negotiated and enabled; private agencies did most of the financing and operating, and attended to those practical matters in which they were experienced.

- 13 -

It is impossible, in my judgment, to pay too high a tribute to the work done by the organizations represented here this evening. There has been no call made upon them by the War Refugee Board which they did not answer with ardor and generosity.

There has been no appeal from the beleaguered humans in Hitler's European dungeon to which they did not respond with zeal and vigor and compassion. They operated under terrible handicaps and against terrible odds.

Yet they managed to pluck condemned men from the hands of executioners.

- 14 -

They managed to bring children - youngsters whose whole lives had been spent in the shadow of persecution - into the light of freedom and opportunity and hope. They did more than save lives. They upheld the faith of mankind in the essential values upon which our civilization is founded.

With the liberation of Europe, there will be an even more compelling need for these services. The activities of the War Refugee Board are war-related and are confined primarily to the rescue of refugees from enemy countries. When the oppressors have been overthrown, the liberated peoples will be in desperate need of sustenance and encouragement.

- 15 -

Beyond the help which will be given to them by the military authorities, UNRRA and the Inter-governmental Committee on Refugees there will be a great need for the kind of care which only voluntary agencies can provide.

Pause

In Rome today, for example, the JDC is ministering to the needs of desperate and broken remnants of the Jewish population. There is special need of food and medical care for these persecuted people. And the situation there will unquestionably be duplicated in France, in Belgium, in Holland, in Poland, in Hungary, in all the lands where the oppressor's heel has trod.

- 16 -

Liberation will simply multiply your opportunities to be of service. It would be tragic to desert the great cause now. For the task which you are called upon to support is indispensable to the creation of the kind of world in which we hope to live.

All of you, I know, have read with shame and anger and heartbreak the tales of Nazi savagery which have been unfolded as the liberation of Europe has progressed. No human being, least of all an American who has been brought up to respect freedom and the sanctity of the individual, could learn of these... acts without a shuddering anguish.

- 17 -

They are, to most of us, in a real sense incredible; and it is incredible that they should have been perpetrated by creatures shaped like men. Yet the record of what took place at Warsaw and Lublin and Kharkov, the bestial cruelty of the Gestapo in Germany and in all the lands which Germans overran, is real past all denying. I shall not try to tell you any of these tales. I know that your minds and hearts already have been seared by them.

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We who have been spared these horrors have a solemn obligation to those who experienced them - an obligation imposed upon us by our common humanity. We have an obligation to those millions whom the war will have left homeless and hungry, uprooted and driven to distant places, bereft of any means to start their lives anew. We cannot turn our heads aside and look the other way. The basic tenet of the civilization we cherish is that a kinship exists among all men.

WAR REFUGEE BOARD

Executive Office of the President

Washington

RELEASE NO. 14

(The following address by SECRETARY MORGENTHAU, a member of the War Refugee Board, before a mass meeting of the Jewish Welfare Fund to inaugurate the campaign of the Community and War Fund of Metropolitan Chicago, at the Stevens Hotel, is scheduled for delivery at 9:00 P.M., Central War Time, Thursday, September 21, 1944, and is for release at that time.)

A readiness to help one's fellow-men has always been a hallmark of the kind of civilization which we are now waging war to preserve. Never has there been more urgent need for it than now when the end of the war is approaching. For we shall be able to make our victory real only if we succeed in binding up the world's wounds, only if we can relieve and heal the terrible suffering which the war has caused.

This special meeting of the Jewish Welfare Fund is designed to encourage the Jewish community of Chicago to give its generous support to the Community and War Fund of the Metropolitan area. The Jews of Europe, who have suffered so terribly from Nazi savagery have special need of your help. It will be heartening to them to know that in this community, far away from the turmoil and destruction of the war, Jews and non-Jews together are striving to assist them.

All of you who share in this great effort have cause for gratification. There is something lost, I think, if men are deprived of the privilege of lending, voluntarily, a helping hand to their fellow-men and to the causes in which they believe. In a democracy there must always be room for the voluntary participation of individuals banding together to meet the problems of society. Charity, like mercy, is twice blessed. "It blesseth him that gives and him that takes."

Fund raising efforts such as the one which you are now undertaking do more than anything else to give us a sense of human solidarity. Their benefits, when they are directed to needs at home, do much to improve the morale and physical well-being of our people and thus make our country stronger - in peace as well as in war. When these benefits are directed overseas, they help to preserve the concepts for which we are fighting - human decency and dignity. They keep alive the values of our civilization.

- 2 -

Private agencies, such as those that make up the United Jewish Appeal, administering funds voluntarily contributed, have for many years been carrying on important programs overseas, furnishing rescue, relief and encouragement to millions of persecuted and impoverished people in Europe. We know that these activities have done much to bolster their will to live and to carry on. Refugees coming out of Nazi-dominated territory have testified that it has been a source of great strength to them to know that America cares about what happens to them - and cares enough to do something constructive in their behalf.

My conviction in this regard has been strengthened by the whole of my experience with the War Refugee Board, established eight months ago through the vision and humanitarianism of President Roosevelt. It is my privilege to share membership on the Board with Secretary Hull and Secretary Stimson, and to serve with its Executive Director, John W. Pehle.

In creating the War Refugee Board, the President declared: "It is the policy of this Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war."

With a small staff in Washington, with a handful of able representatives in strategic neutral countries, the Board has carried on a host of activities in relief, in rescue, and in psychological warfare - all designed to save the lives of persecuted peoples.

Life-saving in an occupied country during a war is not a simple matter. All over Europe the Board has carried on its work with the great care necessary in such complex operations. It has participated in the rescue of thousands from the Balkans across the Black Sea to Palestine - in the rescue of many over the Pyrenees to and through Spain and Portugal - in the relief of many weary victims of Hitler's persecution who had found sanctuary in Sweden and Switzerland. It has cooperated in establishing many refugee camps in Africa and, through the President's leadership, an Emergency Refugee Shelter at Oswego, in the United States. It has taken the lead in sending food packages from this country to helpless internees in European camps. In the Hungarian crisis it took many steps which undoubtedly helped stay the deportation of Jews and relieve their condition. It has used all the old techniques and invented some new ones. It has applied them all to the saving of human life.

In all its operations, the Board has worked in the closest cooperation with private agencies. Many of its programs in relief and rescue work have utilized the personnel, the funds and the experience of those private agencies in which you are particularly interested and which you are supporting. In addition, it has had the warmest sort of support and assistance from numerous non-Jewish organizations - the American Friends' Service Committee, the Unitarian Service Committee, the International Committee of the Red Cross and many others.

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The rescue operations from the Balkans were actually carried on by the Jewish Agency of Palestine and the Joint Distribution Committee. Part of the expense of feeding persons in Hungary and other occupied countries has been met by JDC. Without the help of such agencies these activities might have been "too little and too late."

Some of you may wonder why the work of the War Refugee Board has not been carried on and financed exclusively by the Government. Let me explain why I think it better that it was done jointly by both private agencies and the Government.

When the Board was first established, it was obvious that speed was essential. Millions of unfortunate people were in danger of sudden violent death or deportation. The pace of the war indicated that sudden military and diplomatic moves were impending. There was the terrible prospect that in the last days of his control, Hitler would suddenly undertake new measures of persecution and extermination. It was imperative that speedy machinery be employed.

In the light of this situation, the Board decided to rule out, wherever possible, all plans and devices that involved undue delay. It was quickly apparent that there were honorable, seasoned private organizations in this field who were equipped with everything except the kind of support which could come only from the Government of the United States. The main ingredient that was lacking was a vigorous statement of policy by this Government, and its application in all possible ways.

It seemed perfectly logical that a relationship should be established between the private agencies and the Government in order that the maximum number of lives should be saved in the minimum time. For its part the Government could contribute the weight of its prestige, its diplomacy, its communication channels, its licensing and transportation facilities - wherever these did not interfere with the winning of the war. For their part the private agencies could give detailed knowledge, seasoned personnel, long experience, and quickly available funds.

A partnership was speedily arranged. War Refugee Board originated, expedited, negotiated and enabled; private agencies did most of the financing and operating, and attended to those practical matters in which they were experienced.

It is impossible, in my judgment, to pay too high a tribute to the work done by the organizations represented here this evening. There has been no call made upon them by the War Refugee Board which they did not answer with ardor and generosity. There has been no

appeal from the beleaguered humans in Hitler's European dungeon to which they did not respond with zeal and vigor and compassion. They operated under terrible handicaps and against terrible odds. Yet they managed to pluck condemned men from the hands of executioners. They managed to bring children - youngsters whose whole lives had been spent in the shadow of persecution - into the light of freedom and opportunity and hope. They did more than save lives. They upheld the faith of mankind in the essential values upon which our civilization is founded.

With the liberation of Europe, there will be an even more compelling need for these services. The activities of the War Refugee Board are war-related and are confined primarily to the rescue of refugees from enemy countries. When the oppressors have been overthrown, the liberated peoples will be in desperate need of sustenance and encouragement. Beyond the help which will be given to them by the military authorities, UNRRA and the Intergovernmental Committee on Refugees there will be a great need for the kind of care which only voluntary agencies can provide.

In Rome today, for example, the JDC is ministering to the needs of desperate and broken remnants of the Jewish population. There is special need of food and medical care for these persecuted people. And the situation there will unquestionably be duplicated in France, in Belgium, in Holland, in Poland, in Hungary, in all the lands where the oppressor's heel has trod. Liberation will simply multiply your opportunities to be of service. It would be tragic to desert the great cause now. For the task which you are called upon to support is indispensable to the creation of the kind of world in which we hope to live.

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9/20/44

MSECRET SERVICE CHGO CALLAGHAN

THIS IS TRSY WASHINGTON I HAVE LONG MSG MAY I GA PLS

GA

TO CG803 FM WA168

K WASHINGTON DC SEP 20 44

CHICAGO SECRET SERVICE OFFIE

ON INSTRUCTIONS FROM CHIEF PLEASE HOLD FOR MR. CHARLES P. SCHAEFFER. CHARLIE HERE IS SECRETARYS SPEECH PLEASE SHOW TO KEY PEOPLE AT YOUR END. I WILL BRING MIMEOGRAPHED COPIES ARRIVING ABOUT SEVEN OCLOCK.

FRED SMITH

*Mr. Callaghan
9/20/44
9:55
Miss O'Connell
8:30
7:00*

*Office of
Public
Relations
@ Miss Schwartz*

A READINESS TO HELP ONES FELLOWMEN HAS ALWAYS BEEN A HALLMARK OF THE KIND OF CIVILIZATION WHICH WE ARE NOW WAGING WAR TO PRESERVE. EXXX NEVER HAS THERE BEEN MORE URGENT NEED FOR IT THAN NOW WHEN THE END OF THE WAR IS APPROACHING. FOR WE SHALL BE ABLE TO MAKE OUR VICTORY REAL ONLY IF WE SCXXX SUCCEED IN BINDING UP THE WORLDS WOUNDS ONLY IF WE CAN RELIEVE AND HEAL THE TERRIBLE SUFFERING WHICH THE WAR HAS CAUSED.

THIS SPECIAL MEETING OF THE JEWISH WELFARE FUND IS DESIGNED TO ENCOURAGE THE JEWISH COMMUNITY OF CHICAGO TO GIVE ITS GENEROUS SUPPORT TO THE COMMUNITY AND WAR FUND OF THE METROPOLITAN AREA.

SHEE TWO

THE JEWS OF EUROPE WHO HAVE SUFFERED SO TERRIBLY FROM NAZI SAVAGERY HAVE SPECIAL NEED OF YOUR HELP. IT WILL BE HEARTENING TO THEM TO KNOW THAT IN THIS COMMUNITY FAR AWAY FROM THE TURMOIL AND DESTRUCTION OF THE WAR JEWS AND NON JEWS TOGETHER ARE STRIVING TO ASSIST THEM.

ALL OF YOU WHO SHARE IN THIS GREAT EFFORT HAVE CAUSE FOR GRATIFICATION. ~~BUT~~ THERE IS SOMETHING LOST I THINK IF MEN ARE DEPRIVED OF THE PRIVILEGE OF LENDING VOLUNTARILY A HELPING HAND TO THEIR FELLOW MEN AND TO THE CAUSES IN WHICH THEY BELIEVE. IN A DEMOCRACY ~~XXX~~ THERE MUST ALWAYS BE ROOM FOR THE VOLUNTARY PARTICIPATION OF INDIVIDUALS BANDING TOGETHER TO MEET THE PRIBLEMS OF SOCIETY

NEXT LAST LINE NEXT LAST WD PROBLEMS

SHEET THREE

CHARITY LIKE MERCY IS TWICE BLESSED. "IT BLESSETH HIM THAT GIVES AND HIM THAT TAKES."

FUND RAISING EFFORTS SUCH AS THE ONE WHICH YOU ARE NOW UNDERTAKING DO MORE THAN ANYTHING ELSE TO GIVE US A SENSE OF HUMAN SOLIDARITY. THEIR BENEFITS⁷ WHEN THEY ARE DIRECTED TO NEEDS AT HOME DO MUCH TO IMPROVE THE MORALE AND PHYSICAL WELL BEING OF OUR PEOPLE AND THUS MAKE OUR COUNTRY STRONGER IN PEACE AS WELL AS IN WAR. WHEN THESE BENEFITS ARE DIRECTED OVERSEAS THEY HELP TO PRESERVE THE CONCEPTS FOR WHICH WE ARE FIGHTING HUMAN DECENCY AND DIGNITY. THEY KEEP ALIVE THE VALUES OF OUR CIVILIZATION.

KSHEET 4

PRIVATE AGENCIES SUCH AS THOSE THAT MAKE UP THE UNITED JEWISH APPEAL ADMINISTERING FUNDS VOLUNTARILY CONTRIBUTED HAVE FOR MANY YERSXXX YEARS BEEN CARRYING ON IMPORTANT PROGRAMS OVERSEAS FURNISHING RESCUE RELIEF AND ENCOURAGEMENT TO MILLIONS OF PERSECUTED AND IMPOVERISHED PEOPLE IN EUROPE. WE KNOW THAT THESE ACTIVITIES HAVE DONE MUCH TO BOLTER THEIR WILL TO LIVE AND TO CARRY ON. REFUGEES COMING OUT OF NAZI DOMINATED ~~XXXXXX~~ TERRITORY HAVE TESTIFIED THAT IT HAS BEEN A SOURCE OF GREAT STRENGTH TO THEM TO KNOW THAT AMERICA CARES ABOUT WHAT HAPPENS TO THEM AND CARES ENOUGH TO DO SOMETHING CONSTRUCTIVE IN THEIR BEHALF.

SHEET FIVE

MY CONVICTION IN THIS REGARD HAS BEEN STRENGTHENED BY THE WHOLE OF MY EXPERIENCE WITH THE WAR ~~REFUGEE~~ REFUGEE BOARD ESTABLISHED EIGHT MONTHS AGO THROUGH THE VISION AND HUMANITARIANISM OF PRESIDENT ROOSEVELT. IT IS MY PRIVILEGE TO SHARE MEMBERSHIP ON THE BOARD WITH SECRETARY HULL AND SECRETARY STIMSON AND TO SERVE WITH ITS EXECUTIVE DIRECTOR JOHN W. PEHLE.

IN CREATING THE WAR REFUGEE BOARD THE PRESIDENT DECLARED "IT IS THE POLICY OF THIS GOVERNMENT TO TAKE ALL MEASURES WITHIN ITS POWER TO RESCUE THE VICTIMS OF ENEMY OPPRESSION WHO ARE IN IMMINENT DANGER OF DEATH AND OTHERWISE TO AFFORD SUCH VICTIMS ALL POSSIBLE RELIEF AND ASSISTANCE CONSISTENT WITH THE SUCCESSFUL PROSECUTION OF THE WAR."

SHEET SIX

WITH A SMALL STAFF IN WASHINGTON WITH A HANDFUL OF ABLE REPRESENTATIVES IN STRATEGIC NEUTRAL COUNTRIES THE BOARD HAS CARRIED ON A HOST OF ACTIVITIES IN RELIEF IN RESCUE AND IN PSYCHOLOGICAL WARFARE ALL DESIGNED TO SAVE THE LIVES OF PERSECUTED PEOPLES.

LIFE SAVING IN AN OCCUPIED COUNTRY DURING A WAR IS NOT A SIMPLE MATTER. ALL OVER EUROPE THE BOARD HAS CARRIED ON ITS WORK WITH THE GREAT CARE NECESSARY IN SUCH COMPLEX OPERATIONS. IT HAS PARTICIPATED IN THE RESCUE OF THOUSANDS FROM THE BALKANS ACROSS THE BLACK SEA TO PALESTINE IN THE RESCUE OF MANY OVER THE PYRENEES TO AND THROUGH SPAIN AND PORTUGAL IN THE RELIEF OF MANY WARY VICTIMS OF HITLERS PERSECUTION WHO HAD FOUND ~~SAFE~~ SANCTUARY IN SWEDEN AND SWITZERLAND.....

SHEET SEVEN

IT HAS COOPERATED IN ESTABLISHING MANY REFUGEE CAMPS IN AFRICA AND THROUGH THE PRESIDENTS LEADERSHIP AN EMERGENCY REFUGEE SHELTER AT OSWEGO IN THE UNITED STATES. IT HAS TAKEN THE LEAD IN SENDING FOOD PACKAGES FROM THIS COUNTRY TO HELPLESS INTERNEES IN EUROPEAN CAMPS. IN THE HUNGARIAN CRISIS IT TOOK MANY STEPS WHICH UNDOUBTEDLY HELPED STAY THE DEPORTATION OF JEWS AND RELIEVE THEIR CONDITION. IT HAS USED ALL THE OLD TECHNIQUES AND INVESTED SOME NEW ONES. IT HAS APPLIED THEM ALL TO THE SAVING OF HUMAN LIFE.

SHEET EIGHT

IN ALL ITS OPERATIONS THE BOARD HAS WORKED IN THE CLOSEST COOPERATION WITH PRIVATE AGENCIES. MANY OF ITS PROGRAMS IN RELIEF AND RESCUE WORK HAVE UTILIZED THE PERSONNEL THE FUNDS AND THE EXPERIENCE OF THOSE PRIVATE AGENCIES IN WHICH YOU ARE PARTICULARLY INTERESTED AND WHICH YOU ARE SPXXX SUPPORTING. IN ADDITION IT HAS HAD THE WARMEST SORT OF SUPPORT AND ASSISTANCE FROM NUMEROUS NON JEWISH ORGANIZATIONS - THE AMERICAN FRIENDS SERVICE COMMITTEE THE UNITARIAN SERVICE COMMITTEE THE INTERNATIONAL COMMITTEE OF THE RED CROSS AND MANY OTHERS.

THE RESCUE OPERATIONS FROM THE BALKANS WERE ACTUALLY CARRIED ON BY THE JEWISH AGENCY OF PALESTINE AND THE JOINT DISTRIBUTION COMMITTEE. PART OF THE ~~KXK~~ EXPENSE OF FEEDING PERSONS IN HUNGARY AND OTHER OCCUPIED COUNTRIES HAS BEEN MET BY JDC. WITHOUT THE HELP OF SUCH AGENCIES THESE ACTIVITIES MIGHT HAVE BEEN "TOO LITTLE AND TOO LATE."

SOME OF YOU MAY WONDER WHY THE WORK OF THE WAR REFUGEE BOARD HAS NOT BEEN CARRIED ON AND FINANCED EXCLUSIVELY BY THE GOVERNMENT. LET ME EXPLAIN WHY I THINK IT BETTER THAT IT WAS DONE JOINTYXXX JOINTLY BY BOTH PRIVATE AGENCIES AND THE GOVERNMENT.

SHEET TEN

177

WHEN THE BOARD WAS FIRST ESTABLISHED IT WAS
~~RE~~ OBVIOUS THAT SPEED WAS ESSENTIAL. MILLIONS OF
UNFORTUNATE PEOPLE WERE IN DANGER OF SUDDEN VIOLENT
DEATH OR DEPORTATION. THE PACE OF THE WAR INDICATED
THAT SUDDEN MILITARY AND DIPLOMATIC MOVES WERE
IMPENDING. THERE WAS ~~IX~~ THE TERRIBLE PROSPECT THAT
IN THE LAST DAYS OF HIS CONTROL HITLER WOULD SDXXX SUDDENLY
UNDERTAKE NEW MEASURES OF PERSECUTION AND
EXTERMINATION. IT WAS IMPERATIVE THAT SPEEDY
MACHINERY BE EMPLOYED.

IN THE LIGHT OF THIS SITUATION THE BOARD DECIDED TO RULE OUT
WHEREVER POSSIBLE ALL PLANS AND DEVICES THAT INVOLVED UNDUE
DELAY.

SHEET ELEVEN

178

IT WAS QUICKLY APPARENT THAT THERE WERE HONORABLE SEASONED PRIVATE ORGANIZATIONS IN THIS FIELD WHO WERE EQUIPPED WITH EVERYTHING EXCEPT THE KIND OF SUPPORT WHICH COULD COME ONLY FROM THE GOVERNMENT OF THE UNITED STATES. THE MAIN INGREDIENT THAT AS LACKING WAS A VIGOROUS STATEMENT OF POLICY BY THIS GOVERNMENT AND ITS APPLICATION IN ALL POSSIBLE WAYS.

IT SEEMED ~~REXXXXXX~~ PERFECTLY LOGICAL THAT A RELATIONSHIP SHOULD BE ESTABLISHED BETWEEN THE PRIVATE AGENCIES AND THE GOVERNMENT IN ORDER THAT THE MAXIMUM NUMBER OF LIVES SHOULD BE SAVED IN THE MINIMUM TIME.

F

SHEET TWELVE

179

^OR ITS PART THE GOVERNMENT COULD CONTRIBUTE THE
WEIGHT OF ITS PRESTIGE ITS DIPLOMACY ITS COMMUNICATION
CHANNELS ITS LICENSING AND TRANSPORTATION FACILITIES -
^{HE}WHEREVER THESE DID NOT INTERFERE WITH THE WINNING OF
T ^{R.} FOR THEIR PART THE PRIVATE AGENCIES COULD
^{WA}GIVE DETAILED KNOWLEDGE SEASONED PERSONNEL LONG
EXPERIENCE AND QUICKLY AVAILABLE FUNDS.

A PARTNERSHIP WAS SPEEDILY ARRANGED. WAR REFUGEE
BOARD ORIGINATED EXPEDITED NEGOTIATED AND ENABLED
PRIVATE AGENCIES DID MOST OF THE FINANCING AND OPERATING
AND ATTENDED TO THOSE PRACTICAL MATTERS IN WHICH THEY
WERE EXPERIENCED.

SHEET THIRTEENTH

180

HIT IS IMPOSSIBLE IN MY JUDGMENT TO PAY TOO
TRIBUTE TO THE WORK DONE BY THE ORGANIZATIONS

REPRESENTED HERE THIS EVENING. THERE HAS BEEN NO
CALL MADE UPON THEM BY THE WAR REFUGEE BOARD WHICH
THEY DID NOT ANSWER WITH ARDOR AND GENEROSITY.

THERE HAS BEEN NO APPEAL FROM THE BELEAGUERED HUMANS IN
HITLERS EUROPEAN DUNGEON TO WHICH THEY DID NOT RESPOND
WITH ZEAL AND VIGOR AND COMPASSION. THEY OPERATED
UNDER TERRIBLE HANDICAPS AND AGAINST TERRIBLE ODDS.

YET THEY MANAGED TO PLUCK CONDEMNED MEN FROM TEXXX THE
HANDS OF EXECUTIONERS.

SHEET FOURTEENTH

THEY MANAGED TO BRING CHILDREN - YOUNGSTERS WHOSE
WHOLE LIVES HAD BEEN SPENT IN THE SHADOW OF PERSECUTION -
INTO THE LIGHT OF FREEDOM AND OPPORTUNITY AND HOPE.
THEY DID MORE THAN SAVE LIVES. THEY UPHELD THE FAITH
OF MANKIND IN THE ESSENTIAL VALUES UPON WHICH OUR
CIVILIZATION IS FOUNDED.

181

WITH THE LIBERATION OF EUROPE THERE WILL BE AN
EVEN MORE COMPELLING NEED FOR THESE SERVICES. THE
ACTIVITIES OF THE WAR REFUGEE BOARD ARE WAR-RELATED
AND ARE CONFINED PRIMARILY TO THE RESCUE OF REFUGEES
FROM ENEMY COUNTRIES. WHEN THE OPPRESSORS HAVE BEEN
OVERTHROWN THE LIBERATED PEOPLES WILL BE IN DESPERATE
NEED OF SUSTENANCE AND ENCOURAGEMENT.

SHEET FIFTEEN

BEYOND THE HELP WHICH WILL BE GIVEN TO THEM BY THE
MILITARY ~~AMT~~ AUTHORITIES UNRRA AND THE INTER-GOVERNMENTAL
COMMITTEE ON REFUGEES THERE WILL BE A GREAT NEED FOR
THE KIND OF CARE WHICH ONLY VOLUNTARY AGENCIES CAN
PROVIDE.

182

IN ROME TODAY FOR EXAMPLE THE JDC IS MINISTERING
TO THE NEEDS OF DESPERATE AND BROKEN REMNANTS OF THE
JEWISH POPULATION. THERE IS SPECIAL NEED OF FOOD AND
MEDICAL CARE FOR THESE PERSECUTED PEOPLE. AND THE
SITUATION THERE WILL UNQUESTIONABLY BE DUPLICATED IN
FRANCE IN BELGIUM IN HOLLAND IN POLAND IN HUNGARY
IN ALL THE LANDS WHERE THE OPPRESSORS HEEL HAS TROD.

R

SHEETA16

183

ION WILL SIMPLY MULTIPLY YOUR OPPORTUNITIES
TO BE OF SERVICE. IT WOULD BE TRAGIC TO DESERT THE
GREAT CAUSE NOW. FOR THE TASK WHICH YOU ARE CALLED
UPON TO ~~XR~~ SUPPORT IS INDISPENSABLE TO THE CRETXXX CREATION OF
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ACTS WITHOUT A SHUDDERING ANGUISH.

SHEET 17.

THEY ARE TO MOST OF US IN A REAL SENSE INRXXX INCREDIBLE
AND IT IS INCREDIBLE THAT THEY SHOULD HAVE BEEN
PERPETRATED BY CREATURES SHAPED LIKE MEN. YET THE
RECORD OF WHAT TOOK PLACE AT WARSAW AND LUBLIN AND
KHARKOV THE BESTIAL CRUELTY OF THE GESTAPO IN GERMANY
AND IN ALL THE LANDS WHICH GERMANS OVERRAN IS REAL PAST
ALL DENYING. I SHALL NOT TRY TO TELL YOU ANY
OF THESE TALES. I KNOW THAT YOUR MINDS AND HEARTS
ALREADY HAVE BEEN SEARED BY THEM.

184

WE WHO HAVE BEEN SPARED THESE HORRORS HAVE A SOLEMN OBLIGATION TO THOSE WHO EXPERIENCED THEM - AN OBLIGATION IMPOSED UPON US BY OUR COMMON HUMANITY. WE HAVE AN OBLIGATION TO TOXXX THOSE MILLIONS WHOM THE WAR WILL HAVE LEFT HOMELESS AND HUNGRY UPROOTED AND DRIVEN TO DISTANT PLACES BEREFT OF ANY MEANS TO START THEIR LIVES ANEW. WE CANNOT TURN OUR HEADS ASIDE AND LOOK THE OTHER WAY. THE BASIC TENET OF THE CIVILIZATION WE CHERISH IS THAT A KINSHIP EXISTS AMONG ALL MEN.
END

OK WILL DELIVER MESSAGE TO CHAS SCHAEFFER.

OK THNXS

OV

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~~Some people feel that this sort of assistance should be given only through governments.~~

But there is something lost, I think, if men are deprived of the privilege of lending, voluntarily, a helping hand to their fellow-men

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- 3 -

that America cares about what happens to them -- and cares enough to do something constructive in their behalf. I can give you some direct, first-hand evidence on this score. Here is a quotation taken verbatim from a report by Ira Hirschmann, the War Refugee Board's special representative in Turkey: "The first Jewish refugees of Turkish origin, just arrived from France, said to me feelingly, 'For two years there has been only one phrase on everyone's lips -- When are the Americans coming?'"

My conviction in this regard has been strengthened by the whole of my experience with the War Refugee Board, established eight months ago through the vision and humanitarianism of President Roosevelt. It is my privilege to share membership on the Board with Secretary Hull and Secretary Stimson, and to serve with its Executive Director, John W. Pehle.

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old techniques and invented some new ones. It has applied them all to the saving of human life.

In all its operations, the Board has worked in the closest cooperation with private agencies. Many of its programs in relief and rescue work have utilized the personnel, the funds and the experience of those private agencies in which you are particularly interested and which you are supporting. In addition, it has had the warmest sort of support and assistance from numerous non-Jewish organizations -- the American Friend's Service Committee, the Unitarian Service Committee, the International Committee of the Red Cross and many others.

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Some of you may wonder why the work of the War Refugee Board has not been carried on and financed exclusively by the Government. Let me explain why I

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A partnership was speedily arranged. War Refugee Board originated, expedited, negotiated and enabled; private agencies did most of the financing and operating, and attended to those practical matters in which they were experienced.

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With the liberation of Europe, there will be an even more compelling need for these services. The activities of the War Refugee Board are war-related and are confined primarily to the rescue of refugees from enemy countries. When the oppressors have been overthrown, the liberated peoples will be in desperate need of sustenance and encouragement. Beyond the help which will be given to them by the military authorities, UNRRA and the Intergovernmental Committee on Refugees there will be a great need for the kind of care which only voluntary agencies can provide.

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9-20-44

A readiness to help one's fellow-men has always been a hallmark of the kind of civilization which we are now waging war to preserve. Never has there been more urgent need for it than now when the end of the war is approaching. For we shall be able to make our victory real only if we succeed in binding up the world's wounds, only if we can relieve and heal the terrible suffering which the war has caused.

This special meeting of the Jewish Welfare Fund is designed to encourage the Jewish Community of Chicago to give its generous support to the Community and War Fund of the Metropolitan area. The Jews of Europe, who have suffered so terribly from Nazi savagery have special need of your help. It will be heartening to them to know that in this community, far away from the turmoil and destruction of the war, Jews and non-Jews together are striving to assist them.

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Private agencies, such as those that make up the United Jewish Appeal, administering funds voluntarily contributed, have for many years been carrying on important programs overseas, furnishing rescue, relief and encouragement to millions of persecuted and impoverished people in Europe. We know that these activities have done much to bolster their will to live and to carry on. Refugees coming out of Nazi-dominated territory have testified that it has been a source of great strength to them to know

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In creating the War Refugee Board, the President declared: "It is the policy of this Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution

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- must continue*

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~~We realize that, with all our doing, we never met the problem in its full, horrible dimensions. For it must always be remembered that we had to operate in such a way that the progress of the war would be expedited rather than retarded.~~

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Some of the most trying moments in the history of the Board occurred when a barbaric enemy conditioned the release of refugees upon proposals for us to give war materials in return.

I am going to tell you about one specific case of this kind. Your feeling about it, I know, will be the same as mine. Several months ago a suggestion came to us through the subterranean diplomatic channels which operate even in wartime, that the enemy would release a certain number of imprisoned victims -- provided we would deliver to them ten thousand trucks. And it was delicately hinted to us that the trucks would be used only against our Allies, the Russians. I need not tell you that we never yielded to such ransom proposals. And I may add that no private agency, regardless of the desperate situation involved, ever urged us to yield to them.

All of you, I know, have read with shame and anger and heartbreak the tales of Nazi savagery which have been unfolded as the liberation of Europe has progressed. No human being, least of all an American who has been brought up to respect freedom and the sanctity of the individual, could learn of these acts without a shuddering anguish. They are, to most of us, in a real sense incredible; and it is incredible that they should have been perpetrated by creatures shaped like men. Yet

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Several public international organizations -- notably UNRRA and the Inter-governmental Committee on Refugees -- have been established to meet aspects of these problems. But the problems are so great and the governmental techniques so imperfect that there will be much which only voluntary agencies can do. It would be tragic if any interested group were to desert the great cause now.

The work which your organizations contemplate is indispensable to the creation of the kind of world in which we hope

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I can give you some direct, first-hand evidence on this score. Here is a quotation taken verbatim from a report by Ira Hirschmann, the War Refugee Board's special representative in Turkey: "The first Jewish refugees of Turkish origin, just arrived from France, said to me feelingly, 'For two years there has been only one phrase on everyone's lips -- When are the Americans coming?'"

Insert B.

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Insert C (continued)

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- 7 -

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It seemed perfectly logical that a relationship should be established between the private agencies and the Government in order that the maximum number of lives should be saved in the minimum time. For its part the Government could contribute the weight of its prestige, its diplomacy, its communication channels, its licensing facilities, its transportation facilities -- wherever these did not interfere with the winning of the war. For their part the private agencies could give detailed knowledge, seasoned personnel, long experience, and quickly available funds.

A partnership was quickly arranged. War Refugee Board originated, expedited, negotiated and enabled; private agencies did most of the financing and operating, and attended to those practical matters in which they were experienced.

We realize that, with all our doing, we never met the problem in its full, horrible dimensions. For it must always be remembered that we had to operate in such a way that the progress of the war would be expedited rather than retarded.

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Some of the most trying moments in the history of the Board occurred when a barbaric enemy conditioned the release of refugees upon proposals for us to give war materials in return.

I am going to tell you about one specific case of this kind. Your feeling about it, I know, will be the same as mine. Several months ago a suggestion came to us through the subterranean diplomatic channels which operate even in wartime, that the enemy would release a certain number of imprisoned victims -- provided we would deliver to them ten thousand trucks. And it was delicately hinted to us that the trucks would be used only against our Allies, the Russians. I need not tell you that we never yielded to such ransom proposals. And I may add that no private agency, regardless of the desperate situation involved, ever urged us to yield to them.

All of you, I know, have read with shame and anger and heartbreak the tales of Nazi savagery which have been unfolded as the liberation of Europe has progressed. No human being, least of all an American who has been brought up to respect freedom and the sanctity of the individual, could learn of these acts without a shuddering anguish. They are, to most of us, in a real sense incredible; and it is incredible that they should have been perpetrated by creatures shaped like men. Yet

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the record of what took place at Warsaw and Lublin and Kharkov, the bestial cruelty of the Gestapo in Germany and in all the lands which Germans overran are real past all denying. I shall not try to tell you any of these tales. I know that your minds and hearts already have been seared by them.

We who have been spared these horrors have a solemn obligation to those who experienced them -- an obligation imposed upon us by our common humanity. We have an obligation to those millions whom the war will have left homeless and hungry, uprooted and driven to distant places, bereft of any means to start their lives anew. We cannot turn our heads aside and look the other way. The basic tenet of the civilization which we cherish is that a kinship exists among all men.

Several public international organizations -- notably UNRRA and the Inter-governmental Committee on Refugees -- have been established to meet aspects of these problems. But the problems are so great and the governmental techniques so imperfect that there will be much which only voluntary agencies can do. It would be tragic if any interested group were to desert the great cause now.

The work which your organizations contemplate is indispensable to the creation of the kind of world in which we hope

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to live. The sentiments which impel you to support this work are the sentiments upon which our civilization is founded. That civilization can endure only as we respect and promote its essential values. When the enemy has been beaten, this great challenge will remain. We must not falter before it.

March 6 from Ankara

See ^{WRB special representative in Turkey}
Hirschmann quote:

"I am sure you will be gratified to learn that although still on the threshold, the work of the War Refugee Board has injected new life and hope into thousands of down-trodden, tormented refugees throughout the European continent. This is not my opinion but one that is confirmed by all the refugees I interviewed during my visit in Istanbul. The first Jewish refugees of Turkish origin just arrived from France said to me feelingly, "For two years there has been only one phrase on everyone's lips, "When are the Americans coming?"

In its efforts to aid the victims of Nazi persecution, the Board has employed and is employing various and diverse means depending upon the exigencies of the situation facing it. Thus, the Board has facilitated escapes by water across the Baltic and Black Seas, and by land over the Pyrenees and the Carpathians. Sweden and Switzerland, too, have become the refuge of many foot-weary victims of Hitler's persecutions through the Board's efforts and the cooperation of private agencies.

Through diplomatic channels and with the assistance of the Vatican it has brought pressure to bear upon faltering Nazi satellites and urged them, sometimes with success, sometimes to no avail, to connive at such escapes and to cease internal persecutions. Thus, was Romania induced to permit the return of the Transdnestrian exiles and to look the other way while little caravels of refugees sailed from Black Sea ports to safety in Turkey. Thus, also were Hungary and Slovakia persuaded to halt deportations, until German military power on the spot became too much for them to resist.

Many have been saved because their fellow countrymen have hidden and protected them, encouraged, if not induced to do so by radio broadcasts and leaflets dropped from the air at the Board's instance and with the cooperation of the Office of War Information.

In short, the Board has made use of every device, every tactic, every means and every plan, seeming to offer any reasonable hope of success and consistent with the successful prosecution of the war. Thus, when Romania expressed a willingness to permit thousands of Jews to emigrate, every effort was made to secure from the Germans a guarantee of safe-conduct

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for the ship which had been procured with the cooperation of the War Shipping Administration, to effect that project. Despite the Board's efforts, no guarantee of safe conduct was forthcoming and consequently this bold scheme of wholesale emigration had to be abandoned. Recent events in Romania and the sinking of the refugee ship *MEFKURA* in the Black Sea by German torpedo boats demonstrates the wisdom exercised in not going forward with this scheme without a German safe conduct.

With the cooperation of the other American Republics, the Board has made strenuous efforts to safeguard the lives of several thousands who, by one means or another, had secured passports and other documents issued in the names of Latin American countries. Programs have been devised and set in operation which are calculated to facilitate the rescue of the husbands, wives, children, and parents of American citizens and the wives and children of aliens resident in this country. A similar program has been devised for the protection of those to whom American immigration visas were issued after July 1, 1941, but who, because of war conditions, have been unable to come to this country.

With the cooperation of the International Red Cross, the Board has been able to facilitate the delivery of food packages into concentration camps not heretofore served in that way.

Aid has been brought to Sephardic Jews through the cooperation of the Spanish and Portuguese Governments which, through the intercession of the Vatican, were persuaded to recognize responsibility for these exiles of 450 years standing. In an effort to induce the Nazis to permit the emigration of children, assurances of havens for them have been procured

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from various Latin American republics, and from Ireland, as well. And this Government itself has authorized the issuance of 5000 visas to refugee children from Hungary or France who may reach neutral countries. This authorization, it should be noted, was made possible under the law only because private organizations agreed to undertake the support of such children as might come here as the result of it.

The Board has facilitated the effectuation of projects of private organizations designed to bring relief to those groups most sorely in need, those in hiding, and those who have been deprived of ration cards. Private projects to facilitate escapes from concentration camps and labor battalions have been aided and seen through to conclusion. Arrangements were made prior to the breach of diplomatic relations between the United States and Finland for the evacuation from Finland of those who had sought refuge there from the Nazis as well as those who might have been subject to persecution had they remained.

At the Board's instance the International Red Cross has increased its activities in Hungary and has attempted, in some cases successfully, to secure Nazi permission to inspect otherwise inaccessible concentration camps.

Thus, along every front, orthodox and unorthodox, the Board has proceeded and is proceeding to aid the victims of Nazi persecution.

- I. (To replace opening sentence of second paragraph
on Page 1)

This special meeting of the Jewish Welfare Fund is designed to encourage the Jewish community of Chicago to give its generous support to the Community and War Fund of Metropolitan Chicago.

- III. (Possibly to be inserted on Page 8 before "all of you")

Post Liberation Problems

The activities of the War Refugee Board are essentially war-related and are confined primarily to rescue of refugees from enemy countries. With the close of the war and the liberation of the peoples of Europe there will still be a compelling need for the services of private agencies in the field of rehabilitation. The remnants of the refugee population will more than ever need attention so that they may heal their physical and spiritual wounds.

Beyond the help which will be given by the military authorities, UNRRA and the Intergovernmental Committee on Refugees there will be a great need for the care which only voluntary agencies can furnish.

In Rome, for example, the JDC is able to render significant service in ministering to the needs of desperate and broken remnants of the Jewish population. There is need for ~~extra~~ food

Page 2 of Section III

and medical care to restore a ^{persecuted people} ~~minority group~~ to the health average of the general population. There is need for extra clothing to hide a nakedness created by special privations. There is need for the religious, cultural and educational restoration of an ancient community.

What was true in Italy will unquestionably be true in France, in Belgium, in Holland, in Poland, in Hungary, in Austria, in Rumania, and in all the other countries that will soon be liberated.

It is to make possible assistance of this nature that you are giving your moral and financial support. Your duty in this regard will continue beyond the war and the life of the War Refugee Board. Having done your share in the dark days of clandestine rescue, you are now facing the noble task of bringing true liberation to the oppressed peoples of the world.

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9-11-44
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TO:

Mr. Abrahamson, Room 2422

Here is Barth's speech.
Will you look it over tonight,
and we'll call him in tomorrow
when you are ready.

Fred Smith

FS

Who's
to meet
him

930
[Signature]

Fred Smith
Room 2904

There is nothing more vital to the needs of humanity than the purposes for which you have come together here this evening. ~~(Community)~~ ^{Service} A willingness to help one's fellow-men has always been a hallmark of the kind of civilization which we are now waging war to preserve. Never has there been more urgent need for it than now when that war seems almost won. For we shall be able to make our victory real only if we succeed in binding up the world's wounds, only if we can relieve and heal the terrible suffering which the war has caused.

Tonight you inaugurate the efforts of the Jewish Welfare **FUND** Board in behalf of the Community and War Fund of Metropolitan Chicago. I am happy to be here with you and grateful to you for giving me a share in these efforts. [The Jews of Europe, who have suffered ^{so} ~~more~~ terribly from Nazi savagery ~~the~~ ~~people of other parts~~ have special need of your help.]

It will be heartening to them to know that in this community, far away from the turmoil and destruction of the war, Jews and non-Jews together are striving to assist them.

Some people feel that this sort of assistance should be given through governments -- that governments should run all social and welfare programs. I don't happen to agree. We undoubtedly must have a gradual expansion of public efforts

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in the field of social services both internationally and at home; even now we are feeling our way in an evolutionary program. But I shudder at the prospect of a government monopoly in these areas.

There is something lost, I think, if men are deprived of the privilege of lending, voluntarily, a helping hand to their fellow-men and to the causes in which they believe. Although in certain spheres, especially when we are at war, compulsion is necessary, it is equally true that in a democracy there must always be room for the voluntary ^{participation} ~~contributions~~ of individuals banding together to meet the problems of society. As you know, I have always advocated the sale of Government war bonds on a strictly voluntary basis rather than by compulsory means. ^{As a result,} ~~This~~ is because the purchase of these bonds by individuals gives to them, I think, a sense of ^{partnership} ~~participation~~ in the national cause which they would not get by any other means. Just so with charity. Like mercy, it is, I think, twice blessed. "It ^{never} ~~blesseth~~ him that gives and him that takes."

Fund raising efforts such as the one which you are now undertaking do more than anything else to give us a sense of human solidarity. Their benefits, when they are directed to needs at home, do much to improve the morale and the physical

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well-being of our people and thus make our country stronger -- both during and after the war. When these benefits are directed overseas, they help to preserve the concepts for which we are fighting -- human decency and dignity. They keep alive the values of our civilization.

Private agencies, such as ^{that make up} ~~the~~ ^{these} United Jewish Appeal, administering funds voluntarily contributed, have for many years been carrying on important programs overseas, furnishing rescue, relief and encouragement to millions of persecuted and impoverished people in Europe. We know that these activities have done much to bolster their will to live and to carry on. Refugees coming out of Nazi-dominated territory have testified that it has been a source of great strength to them to know that America cares about what happens to them -- and cares enough to do something constructive in their behalf.

My conviction in this regard is strengthened by the experience I have had with the War Refugee Board which was established eight months ago tomorrow, through the vision and humanitarianism of President Roosevelt. I am honored to share membership on the Board with Secretary Hull and Secretary Stimson, and to serve with its Executive Director, John W. Pehle.

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The Executive Order creating the Board declares that "it is the policy of this Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war."

With a small staff in Washington, with a handful of able representatives in strategic neutral ~~areas~~^{countries}, the Board has carried on a host of activities in relief, in rescue, and in psychological warfare -- all designed to save the lives of persecuted peoples.

Life-saving in an occupied country during a war is not a simple matter. It may mean actual, physical rescue -- sometimes by somewhat unorthodox methods. It may mean persuasion of a wavering government to discontinue persecution. It may mean providing relief or the money or credit to obtain relief. Or it may mean psychological warfare -- by pamphlet or by radio -- designed both to discourage oppressors and encourage their victims.

All over Europe the Board has carried on its work with the care and secrecy that are necessary in such delicate operations. It has participated in the rescue of thousands from the Balkans

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across the Black Sea to Palestine -- in the rescue of many over the Pyrenees to and through Spain and Portugal. It has cooperated in ^{establishing} ~~the setting up of~~ ^{many} ~~refugee shelters~~ ^{camp} in Africa and through the President's ^{assistance} ~~(insistence)~~ in the United States. *Emergency Refugee Shelter*

It has taken the lead in sending food packages from this country to helpless internees in European camps. In the Hungarian crisis it took many steps which undoubtedly helped stay the deportation of Jews and relieve their condition. It has used all the old techniques and invented some new ones. It has applied them all to the saving of human life.

The stirring story of achievement of the War Refugee Board will one day be told. Then you will understand why I feel that one of the most satisfying experiences in my public ^{career} ~~service~~ derives from the honor that was bestowed on me by President Roosevelt in making me a member of this Board.

In all its operations, the Board has worked in closest cooperation with private agencies. Many of its programs in relief and rescue work have utilized the personnel, the funds and the experience of those private agencies in which you are particularly interested and which you are supporting.

The rescue operations from the Balkans were actually carried on by the Jewish Agency and the Joint Distribution

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Committee. Part of the expense of feeding persons in Hungary and other occupied countries has been met by JDC. Without the help of such agencies, particularly the JDC, these activities might have been "too little and too late."

Some of you may wonder why the work of the War Refugee Board has not been carried on and financed exclusively by the Government. Let me explain why I think it better that it was done jointly by both private agencies and the government.

When the Board was first established, it was obvious that speed was essential. Millions of unfortunate people were in danger of sudden violent death or deportation. The pace of the war indicated that sudden military and diplomatic moves were impending. There was the terrible prospect that in the last days of his control, Hitler would suddenly undertake new measures of persecution and extermination. It was imperative that speedy machinery ^{be} employed.

In the light of this situation, the Board decided to rule out, wherever possible, all plans and devices that involved undue delay. It was quickly apparent that there were many honorable, seasoned private organizations in the field who were equipped with everything except the ^{kind of} support which ^{could come} only from the Government of the United States. ~~could come~~ The main

- 7 -

ingredient that was lacking was a vigorous statement of policy of this Government and its application in all possible ways.

It seemed perfectly logical that a relationship should be established between the private agencies and the Government in order that the maximum number of lives should be saved in the minimum time. For its part the Government could contribute the weight of its prestige, its diplomacy, its communication channels, its licensing facilities, its transportation facilities -- wherever these did not interfere with the winning of the war. For their part the private agencies could give detailed knowledge, seasoned personnel, long experience, and quickly available funds.

A partnership was quickly arranged. War Refugee Board originated, expedited, negotiated and enabled; private agencies did most of the financing and operating, and attended to those practical matters in which they were experienced.

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refugees upon proposals for us to give war materials in return. I need not tell you that we never yielded to such ransom proposals. And I may add that no private agency, regardless of the desperate situation involved, ever urged us to yield to them.

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~~working hard. I know they will have a considerable measure of success.~~ But the problems are so great and the governmental techniques so imperfect that there will be much which only voluntary agencies can do. It would be tragic if any interested group were to desert the great cause now.

The work which your organizations contemplate is indispensable to the creation of the kind of world in which we hope to live. The sentiments which impel you to support this work are the sentiments upon which our civilization is founded. That civilization can endure only as we respect and promote its essential values. When the enemy has been beaten, this great challenge will remain. We must not falter before it.

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**DRAFT OF A SPEECH BY SECRETARY MORGENTHAU,
FOR DELIVERY IN CHICAGO, SEPTEMBER 21,
BEFORE A MEETING OF THE
JEWISH WELFARE FUND**

I am happy to be in Chicago tonight to lend my presence to the important causes for which you are assembled -- the support of the Jewish Welfare Fund of Chicago -- of its principal beneficiary, the United Jewish Appeal -- and of its current benefactor, the Community and War Fund of Metropolitan Chicago.

It may seem incongruous that the Secretary of the Treasury -- who, to some people, personifies the essentially compulsory tax-collecting power of the government -- should appear at a meeting devoted to voluntary philanthropy. I do not find it incongruous at all. On the contrary, I feel particularly pleased to have another opportunity to do my part in supporting voluntary activities during a period of war.

Although there are certain areas where wartime controls and compulsion are necessary, it is equally true that in a genuine democracy there must always be room for the voluntary efforts of individuals banding together to meet the problems of society.

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As you know, I have always advocated voluntary savings as distinct from forced savings as a method of meeting part of the cost of war. It is accordingly a source of pleasure to me to be here tonight and participate in your important undertaking.

The goal of your efforts appeals to me no less than your methods. I believe that the support of domestic and overseas philanthropy is a part of the total war effort. We are repeatedly reminded that in this war America is the arsenal of democracy. As I see it, this arsenal is engaged in the manufacture of both material and spiritual instruments. The billions that come from bond sales go directly to the material war effort. So do most of the proceeds of current taxes.

When we turn to the spiritual side of the conflict we find that the activities of voluntary philanthropic agencies play a vital role. It is they who meet an important part of the problem of relief, rescue, and rehabilitation, both here and overseas -- and meeting this problem helps win the war.

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In so far as these activities take place in this country they improve the morale and the physical well-being of our population and thus make our country immeasurably stronger -- both during and after the war.

In so far as these activities take place overseas, they maintain and preserve some of the concepts for which we are fighting -- such as human decency and dignity, and the right of an individual to live safely without regard to creed or color or race.

The private agencies engaged in overseas work have for many years been carrying on important programs furnishing rescue, relief and encouragement to millions of dejected people in Europe. We know that these activities have made a vital contribution to the will-to-live of hundreds of thousands of human beings.

Refugees coming out of Nazi-dominated territory have testified that it has been a source of great strength to them to know that America cares about what happens to them -- and, what is even more important, that America cares enough to do something about it.

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Actually this is not solely a matter of charity and relief, of the preservation of somewhat abstract principles, or even of saving civilian lives. It is also a matter of keeping our allies alive, of keeping them interested, and of getting them in shape both physically and emotionally so that they may effectively join hands with us in the actual process of defeating the enemy.

Five weeks ago I returned from a mission to England and France. From what I have seen and heard, I know that these things are true. You too know that in France, for example, the sustenance and support of the underground helped directly in the liberation of France. You may not know that some of the funds contributed by private agencies to overseas work actually helped to sustain and develop this underground. In this way American overseas relief efforts made a direct contribution to the saving the lives of our own boys.

The headlines and the pictures in the newspapers have told about the final dramatic stages of the liberation of France and the part

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played by the Nazis. But there is a gripping story still untold about the long years of clandestine efforts carried on at great risk. During these years the relief activities of voluntary agencies helped pave the way for the final glorious hour of triumph by furnishing support to the families of those who had been taken away to concentration camps or to death because of their activities.

What was true in France was equally true in other countries -- in Poland, in Norway, and in the Baltic States. Some day, when the truth is known, you will be thrilled to learn of what was accomplished by American private philanthropy when used with other resources and when both were combined with some of the bravest people in the world.

We therefore have a double source of satisfaction when we engage in support of overseas relief and refugee activities. We are humanitarian to be sure -- but we are also helping to win the war.

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My conviction in this regard is further strengthened by the experience I have had with the War Refugee Board which was established eight months ago tomorrow by Executive Order of President Roosevelt. I am honored to share membership on the Board with Secretary Hull and Secretary Stimson, and to serve with its Executive Director, John W. Fehle.

The Executive Order creating the Board declares that "it is the policy of this Government to take all measures within its power to rescue the victims of enemy oppression who are in imminent danger of death and otherwise to afford such victims all possible relief and assistance consistent with the successful prosecution of the war".

With a small staff in Washington, with a handful of able representatives in strategic neutral cities, the Board has carried on a host of activities in relief, in rescue, and in psychological warfare -- all designed to save the lives of persecuted peoples.

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Life-saving in an occupied country during a war is not a simple matter. It may mean actual, physical rescue, -- sometimes by somewhat unorthodox methods. It may mean persuasion of a wavering government to discontinue persecution. It may mean providing relief or the money or credit to obtain relief. Or it may mean psychological warfare -- by pamphlet or by radio -- designed both to encourage and discourage individuals.

All over Europe the Board has carried on its work with the care and secrecy that are necessary in such delicate operations. It has participated in the rescue of thousands from the Balkans across the Black Sea to Palestine -- in the rescue of many over the Pyrenees to and through Spain and Portugal. It has cooperated in the setting up of refugee shelters in Africa and in the United States. It has taken the lead in sending food packages from this country to helpless internees in European camps. In the Hungarian crisis it took many steps which undoubtedly helped stay the deportation of Jews and relieve their condition. It has used all the old techniques and invented some new ones. It has applied them all to the saving of human life.

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The stirring story of achievement of the War Refugee Board will one day be told. Then you will understand why I feel that one of the most satisfying experiences in my public service derives from the honor that was bestowed on me by President Roosevelt in making me a member of the War Refugee Board.

In all its operations, the Board has worked in closest cooperation with private agencies. Many of its programs in relief and rescue work have utilized the personnel, the funds, the experience, and the cooperation of those private agencies in whom you are particularly interested and whom you are supporting.

The rescue operations from the Balkans were actually carried on by the Jewish Agency and the Joint Distribution Committee. Part of the expense of feeding persons in Hungary and other occupied countries has been met by JDC. It is literally true that millions of dollars have come from a number of private agencies for the rescue and relief of the downtrodden of Europe. Without the help of these agencies, particularly the JDC, these activities might have been "too little and too late".

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Some of you may wonder why the work of the War Relocation Authority has not been carried on and financed exclusively by the Government. Let me explain why I think it better that it was done jointly by both private agencies and the government.

When the Board was first established, it was obvious that speed was of the essence. Millions of unfortunate people were in danger of sudden violent death or deportation. The pace of the war indicated that sudden military and diplomatic moves were impending. There was the horrible prospect that in the last days of his control, Hitler might suddenly undertake new measures of persecution and extermination. It was imperative that speedy machinery be employed.

In the light of this situation, the Board decided to rule out, wherever possible, all plans and devices that involved undue delay. It was quickly apparent that there were many honorable, seasoned private organizations in the field who were equipped with everything except the support which only the Government of the United States could give them. The main ingredient that was

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lacking was a vigorous statement of policy of this Government and its application in all possible ways.

It seemed perfectly logical that a relationship should be established between the private agencies and the Government in order that the maximum number of lives should be saved in the minimum time. For its part the Government could contribute the weight of its prestige, its diplomacy, its communication channels, its licensing facilities, its transportation facilities -- wherever these did not interfere with the winning of the war. For their part the private agencies could give detailed knowledge, seasoned personnel, long experience, and quickly available funds.

A partnership was quickly arranged. War Refugee Board originated, expedited, negotiated and enabled; private agencies did most of the financing and operating, and attended to those practical matters in which they were experienced.

Looking back I am convinced that the decision was the right one. The overall results are such as to make me feel very proud of my connection with the War Refugee Board.

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We realize that, with all our doing, we never met the problem in its full, horrible dimensions. For it must always be remembered that we had to operate in such a way that the progress of the war would be expedited rather than impaired. Some of the most trying moments in the history of the Board occurred when a barbaric enemy combined the release of refugees with proposals for us to give war materials in return. I need not tell you that we never yielded to such ransom proposals. And I may add that no private agency, regardless of the desperate situation involved, ever urged us to yield to such propositions.

In spite of all these limitations, it may be said that the results were substantial, and that thanks primarily to the generous cooperation and support of private agencies, no project failed because of lack of funds or energetic effort.

There is another reason why it is fortunate that the resources of private agencies were harnessed to the War Refugee Board. It is obvious, as I have already indicated, that they had the

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important attributes of experience and flexibility, and that they permitted speedy operation. But beyond that it was extremely important to strengthen private agencies for the important work that still lies before them.

Some people feel that governments should run all social and welfare programs. I don't happen to agree. We undoubtedly must have a gradual expansion of public efforts in the field of social services; even now we are feeling our way in a program that must necessarily be evolutionary. But I shudder at the prospect of a government monopoly in these areas.

If it develops that the government must take over the financing and operation of all or most social programs, it is still true that government efforts in these fields are new and faltering. It will take some time for governments to achieve the proper skill. During this time we cannot let people starve or die while international and national relief techniques are tortuously worked out by governments.

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The people who are the refugees of today and tomorrow face a grim, short-term problem of survival. All existing facilities -- public and private -- must be used to mitigate their plight. Otherwise there will be irreparable harm done to a large segment of the world's population.

We are now well along in the course of the war. Victory is visible, if not indeed imminent. When victory comes, there will be new problems of relief and rehabilitation. They will be difficult. I fear they will be greater than most of us realize. Several public international organizations -- notably UNRRA and the Intergovernmental Committee on Refugees -- have been established to meet aspects of this problem. They have been working hard. I know they will have a considerable measure of success. But the problems are so great and the governmental techniques are so imperfect that there will be much work for the voluntary agencies.

The evidence thus far available -- in Italy and in France -- demonstrates pretty clearly that even the efforts of the Army plus those of public

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welfare agencies plus those of voluntary agencies do not add up to an adequate and smooth-working program. It would be tragic if any interested group were to desert the cause now.

My conclusion is that the voluntary agencies are needed now more than ever. You will all need renewed application and devotion to the causes supported by the agencies in whose behalf you are meeting tonight.

I know that a full measure of this devotion will be forthcoming. At the risk of being a competitor for your time and good-will, I want to express my hope that in your devotion to decency and democracy you will also find time to support other causes, as well. Among these is the prevention of the recurrence of the horrors of war, by the adoption of new and drastic policies in the post-armistice period.

For my part, I am convinced that we are at a historic moment -- a moment when we must act boldly to insure peace for the world.

We must find some way of preventing war, once and for all. Developments in science and technology give grim promise that the next war will be far

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more destructive than this one. The flying bombs which have been raining on our British allies give a hint of new weapons which may be developed. During the next war these weapons will be more deadly, the distances that they travel will be even greater, and the destruction of human lives and human values will be beyond belief.

We must see to it that Germany and Japan are completely deprived of their power to strike again at humanity. The primary goal in the treatment of Germany and Japan after the war must be that they will be rendered completely powerless in a military sense.

I mean this literally. We shall have to abandon conventional notions of international economics and politics. We shall have to devote ourselves unflinchingly to the destruction or permanent removal of all instruments of war in the hands of the enemy. Any other consideration -- of "business as usual," of reparations, of trade -- will have to be abandoned.

This is a tough program -- but so is the situation. I am convinced that if we apply ourselves resolutely, we can prevent aggression in

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more destructive than this one. The flying bombs which have been raining on our British allies give a hint of new weapons which may be developed. During the next war these weapons will be more deadly, the distances that they travel will be even greater, and the destruction of human lives and human values will be beyond belief.

We must see to it that Germany and Japan are completely deprived of their power to strike again at humanity. The primary goal in the treatment of Germany and Japan after the war must be that they will be rendered completely powerless in a military sense.

I mean this literally. We shall have to abandon conventional notions of international economics and politics. We shall have to devote ourselves unflinchingly to the destruction or permanent removal of all instruments of war in the hands of the enemy. Any other consideration -- of "business as usual," of reparations, of trade -- will have to be abandoned.

This is a tough program -- but so is the situation. I am convinced that if we apply ourselves resolutely, we can prevent aggression in

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the future. Once this is done, our efforts, in philanthropy and elsewhere, may be devoted to those constructive works of peace and goodwill, that may redound to the advantage of our country and of our world.

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Draft of
8/28/44

DRAFT OF A SPEECH BY THE SECRETARY, FOR
DELIVERY IN CHICAGO, SEPTEMBER 21,
BEFORE A MEETING OF THE
JEWISH WELFARE FUND

I am happy to be in Chicago tonight to lend my presence to the important cause for which you are assembled — the support of the Jewish Welfare Fund of Chicago — its principal beneficiary, the United Jewish Appeal — and its current benefactor, the Community and War Fund of Metropolitan Chicago.

It may strike some of you as rather strange I should be here. For after all, in terms of the convenient symbols of the movies, radio and newspapers, I am the man who has been badgering you to buy war bonds. And I am the very personification of the taxing power of the Federal Government. Yet here I stand — endorsing by my presence a large venture in private philanthropy which is making an additional claim on your already shattered incomes!

I confess that it seemed strange to me too when I first thought of coming to talk to you tonight. As I thought it over, however, I did not find it strange at all. Instead, it seemed to me to be quite appropriate.

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First of all I venture to suggest that the support of domestic and overseas philanthropy is a part of the total war effort. We are repeatedly reminded that in this war America is the arsenal of democracy. As I see it, this arsenal is engaged in the manufacture of both material and spiritual instruments. The billions that come from bond sales go directly to the material war effort. So do most of the proceeds of current taxes.

When we turn to the spiritual side of the conflict we find that the activities of voluntary philanthropic agencies play a vital role. It is they who meet an important part of the problem of relief, rescue, and rehabilitation, both here and overseas -- and meeting this problem helps win the war.

Insofar as these activities take place in this country they improve the morale and the physical well-being of our population and thus make our country immeasurably stronger -- both during and after the war.

Insofar as these activities take place overseas, they maintain and preserve some of the concepts for which we are fighting -- such as human

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decency and dignity, and the right of an individual to live safely without regard to creed or color or race.

The private agencies engaged in overseas work, and particularly those in the United Jewish Appeal, have for many years been carrying on important programs furnishing rescue, relief and encouragement to millions of downtrodden people in Europe. We know that to many of these people these efforts, particularly as carried on in recent years, have made a vital contribution to their will to live. Refugees coming out of Nazi-dominated territory have testified that it has been a source of great strength to them to know that America cares about what happens to them -- and, what is even more important, that America cares enough to do something about it.

Actually this is not solely a matter of charity and relief, of the preservation of somewhat abstract principles, or even of saving civilian lives. It is also a matter of keeping our allies alive, of keeping them interested, and of getting them in shape both physically and emotionally so that they may effectively join hands with us in the actual process of defeating the enemy.

Five weeks ago I returned from a mission to England and France. From what I have seen and heard, I know that these things are true. You too know that in France, for example, the sustenance and support of the underground helped directly in the liberation of France. You may not know that some of the funds contributed by private agencies to overseas work actually helped to sustain and develop this underground. In this way American overseas relief efforts made a direct contribution to ~~the~~ saving the lives of our own boys.

The headlines and the pictures in the newspapers have told about the final dramatic stages of the liberation of France and the part played by the Maquis. But there is a gripping story still untold about the long years of clandestine efforts carried on at great risk — and of relief activity that paved the way for the final glorious hour of triumph.

What was true in France was equally true in other countries — in Poland, in Norway, and in the Baltic States. Some ~~day~~, when the truth is known, you will be thrilled to learn of what

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was accomplished by American private philanthropy when used with other resources and when both were combined with some of the bravest people in the world.

We therefore have a double source of satisfaction when we engage in support of overseas relief and refugee activities. We are humanitarian to be sure -- but we are also helping to win the war.

Is it so strange, after all, that I am happy to come to Chicago to lend my support to your activities? Is it so strange that I am interested in voluntary philanthropic effort as well as in bond-selling -- in the Jewish Welfare Fund of Chicago as well as in tax schedules?

My conviction in this regard is further strengthened by the experience I have had with the War Refugee Board which was established eight months ago tomorrow by Executive Order of President Roosevelt. I am honored to share membership on the Board with Secretary Hull and Secretary Stimson, and to serve with its Executive Director, John W. Pehle.

Under the Executive Order creating it, the Board is empowered to take every practicable step

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to save the lives of those persons who are in imminent danger of death by enemy action. With a small staff in Washington, with a handful of able representatives in strategic neutral cities, the Board has carried on a host of activities in relief, in rescue, and in psychological warfare -- all designed to save the lives of persecuted peoples.

Life-saving in an occupied country during a war is not a simple matter. It may mean actual, physical rescue, -- sometimes by somewhat unorthodox methods. It may mean persuasion of a wavering government to discontinue persecution. It may mean providing relief or the money or credit to obtain relief. Or it may mean psychological warfare designed both to encourage and discourage individuals -- by pamphlet or radio.

All over Europe the Board has carried on its work with the care and secrecy that are necessary in such delicate operations. It has participated in the rescue of thousands from the Hungarians across the Black Sea to Palestine -- in the rescue of many over the Pyrenees to and

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through Spain and Portugal. It has cooperated in the setting up of refugee shelters in Africa and in the United States. It has taken the lead in sending food packages from this country to unassimilated internees in European camps. In the Hungarian crisis it took many steps which undoubtedly helped stay the deportation of Jews and relieve their condition. It has used all the old techniques and invented some new ones. It has applied them all to the saving of human life.

The stirring story of achievement of the War Refugee Board will one day be told. Then you will understand why I feel that one of the most satisfying experiences in my public service derives from the honor that was bestowed on me by President Roosevelt in making me a member of the War Refugee Board.

..... In all its operations, the Board has worked in closest cooperation with private agencies. Many of its programs in relief and rescue work have utilized the personnel, the funds, the experience, and the cooperation of those private agencies in whom you are particularly interested and whom you are supporting.

The rescue operations from the Balkans and from France were actually carried on by the Joint Distribution Committee — with the assistance of the Jewish Agency in the case of the Balkans. The expense of feeding persons in Hungary and other occupied countries has been met by JDC. It is literally true that millions of dollars have come from a number of private agencies for the rescue and relief of the downtrodden of Europe. Without the help of these agencies, particularly the JDC, these activities might have been "too little and too late".

Some of you may wonder why the work of the War Refugee Board has not been carried on and financed exclusively by the Government. Let me explain why I think it better that it was done jointly by both private agencies and the government.

When the Board was first established, it was obvious that speed was of the essence. Millions of unfortunate people were in the last stages of malnutrition, and millions of others were in danger of sudden violent death. The pace of the war indicated that sudden military and diplomatic moves were impending. There was the horrible

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prospect that in the last days of his control, Hitler might suddenly undertake new measures of persecution and extermination. It was imperative that speedy machinery be employed.

In the light of this situation, the Board decided to rule out, wherever possible, all plans and devices that involved undue delay. It was quickly apparent that there were many honorable, seasoned private organizations in the field who were equipped with everything except the support which only the Government of the United States could give them. The main ingredient that was lacking was a vigorous statement of policy of this Government and its application in all possible ways.

It seemed perfectly logical that a relationship should be established between the private agencies and the Government in order that the maximum number of lives should be saved in the minimum time. For its part the Government could contribute the weight of its prestige, its diplomacy, its communication channels, its licensing facilities, its military cooperation - wherever these did not interfere with the winning of the war. For their part the private agencies could give detailed knowledge, seasoned personnel, long experience, and quickly available funds.

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A marriage of convenience was quickly arranged. War Refugee Board originated, expedited, negotiated and enabled; private agencies did most of the financing and operating, and attended to those practical matters in which they were experienced.

Looking back I am convinced that the decision was the right one. The overall results are such as to make me feel very proud of my connection with the War Refugee Board.

There have, of course, been some tragedies, some failures, and some organizational difficulties. These are inevitable in any such enterprise. And with all our doing we never met the problem in its full, horrible dimensions. For it must always be remembered that we had to operate in such a way that the progress of the war would be expedited rather than impaired. Some of the most trying moments in the history of the Board occurred when a barbaric enemy combined the release of refugees with proposals for us to give war materials in return. I need not tell you that we never yielded to such ransom proposals.

In spite of all these limitations however, it may be said that the results were substantial, and thanks primarily to the generous cooperation and support of private agencies, no project failed solely because of lack of funds or energetic effort.

There is another reason why it is fortunate that the resources of private agencies were harnessed to the War Refugee Board. It is obvious, as I have already indicated, that they had the important attributes, st experience, ^{and} flexibility, and ^{that they} permitted speedy operation. But beyond that it was extremely important to strengthen private agencies for the important work that still lies before them.

Some people feel that governments should run all social and welfare programs. I don't happen to agree. We undoubtedly must have a gradual expansion of public efforts in field of social services; even now we are feeling our way in a program that must necessarily be evolutionary. But I shudder at the prospect of a government monopoly in these areas. I may be wrong. If I am, and if it develops that the government should take over the financing and operation of all social programs, it is

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still true that government efforts in these fields are new and faltering. It will take some time for governments to achieve the proper skill. During this time we cannot let people starve or die while international and national relief techniques are tortuously worked out by governments.

The people who are the refugees of today and tomorrow face a grim, short-term problem of survival. All existing facilities -- public and private -- must be used to mitigate their plight. Otherwise there will be irreparable harm done to a large segment of the world's population.

We are now well along in the course of the war. Victory is visible, if not indeed imminent. When victory comes, there will be new problems of relief and rehabilitation. They will be difficult. I fear they will be greater than most of us realize. Several public international organizations -- notably UNRRA and the Intergovernmental Committee on Refugees -- have been established to meet aspects of this problem. They have able leadership and personnel. They are working hard. I know they will have a large measure of success.

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But the problems are so great and the governmental techniques are so imperfect that there will be much work for the voluntary agencies.

The evidence thus far available — in Italy and in France — demonstrates pretty clearly that even the efforts of the Army plus those of public welfare agencies plus those of voluntary agencies do not add up to an adequate and smooth-working program. It would be tragic if any interested group were to desert the cause now.

My conclusion is that the voluntary agencies are needed now more than ever. You will all need renewed application and devotion to the causes supported by the agencies in whose behalf you are meeting tonight.

May I extend to you my sincere appreciation for your efforts in the past, my sympathetic support of your current undertakings, and my very best wishes for the noble work that lies ahead.

WAR DEPARTMENT

WASHINGTON, D. C.

SEP 21 1944

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

My dear Henry:

It is gratifying to me personally to know that your use of captured enemy materiel during War Bond Campaigns has resulted in substantial purchases of extra War Bonds.

The Intelligence Division, Army Service Forces, and the Industrial Incentives Division of the Army, as well as other Army groups, have participated in the endeavor to have an adequate amount of captured enemy equipment returned to this country. These Divisions will be pleased to learn of your kind remarks indicating their fullest cooperation.

Unfortunately, the amount of enemy equipment that has been returned is insufficient to meet the large demands required for technical study, troop training, War Bond Drives, and industrial exhibits.

Continuous efforts are being exerted to increase the amount of enemy equipment available for our pressing needs. It is hoped that the exigencies of war will permit enough small items such as helmets, shells, pistols, machine guns, etc. to be returned from Theaters of Operations to meet the War Bond promotional requirements during the Sixth War Bond Campaign.

Requests have been made for the return of robot bombs. I am informed that very few unfired ones have been captured and they are undergoing extensive technical study. If additional ones can be secured, we agree that they would have a strong public appeal and should be made available to you.

Accept my assurance that every effort will be made to procure additional enemy equipment for your needs.

We are engaged in a common task and to that goal we extend every facility.

Sincerely yours,

Henry L. Stimson
Secretary of War.



*Draft of veto message
prepared in Treasury*

9-21-44

To the House of Representatives:

I return herewith without my approval H.R. 5125 entitled "An Act to aid the reconversion from a war to a peace economy through the distribution of Government surplus property and to establish a Surplus Property Board to effectuate the same and for other purposes."

The bill provides for the disposal of surplus Government property and plants. Its declared objectives are to aid reconversion from a war to a peace economy and to facilitate the orderly disposal of surplus property.

If I could conclude that the provisions of the bill would permit even an approximation of those objectives, I would approve it. I have regretfully concluded, however, that the confused disposal methods and elaborate restrictions imposed by the bill, and the special benefits it affords to favored classes of our citizens, will retard rather than aid reconversion and are inconsistent with desirable standards of orderly and businesslike Government administration of public assets. It is particularly impelling that legislation such as this, which extends into peacetime when our Government structure will be relieved of the extraordinary burdens placed upon it by transient war conditions, should establish a pattern for the simplified, orderly and businesslike administration of Government affairs.

Adequate preparation for war and its successful conclusion will inevitably release vast stores of supplies and facilities as surplus property. The contingencies of war waged around the world do not permit mathematical precision in provision of supplies. Surplus war goods may comprise nearly all conceivable types of consumer goods, industrial

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supplies and equipment, and an unprecedented wartime addition to our national industrial plant. That property, bought with public funds, is a national asset belonging to all our citizens. Its release for peacetime use can and should represent good fortune and not a public burden. The fact that war has involuntarily placed the Government temporarily in the business of selling all classes of consumers and producers goods does not allow escape from the obligation of conducting those operations in an orderly, businesslike and equitable manner, without special favor to any group, and with the single objective of attaining full production and employment under a strengthened system of private business enterprise at the earliest possible date.

The bill grants an elaborate series of special rights to acquire these public resources, to State and local governments, public and charitable institutions, war veterans, farmers, and small businessmen. The disposition of needed consumers goods in short supply during the peacetime transition period, and the utilization of additional productive equipment, would have to await the conclusion of an involved and inflexible series of special offers of the property to the various classes of preferred purchasers.

The establishment of policy and the conduct of operations would be diffused by the bill among several, and sometimes competing, Government agencies. The agencies conducting actual selling operations would be subject to the general supervision and policies of a newly-established 3-man Board without administrative responsibility, vested clearly in any one of them, and the Board would in turn be subject to the supervision

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of the Director of War Mobilization. One Government agency, the Smaller War Plants Corporation, would compete as a purchaser of Government-owned surpluses, for distribution by it as it may see the needs of small business independently and possibly in conflict with marketing operations of other Government agencies selling the same type of goods. Final authority as to the disposal of cotton and woolen goods would rest not with the Board but with the War Food Administrator, and responsibility for policies governing the disposal of surplus agricultural commodities would be divided between the Board and the Administrator.

All Government-owned accumulations of an extensive list of minerals and metals, including many in common industrial use, such as copper, lead, zinc, tin, magnesium, and manganese,--whether in raw, scrap or processed form,--would be indiscriminately frozen by the bill into our existing war stockpile, subject only to release to meet estimated deficiencies in domestic industrial supplies for a six-months period as determined by the War Production Board. These minerals and metals would be accumulated in stockpiles without regard to military determination of the extent and character of desirable war reserves. I am advised that the stockpiling provisions of the bill cannot truly be judged as military in purpose, and I must conclude that they would serve only to withhold useful resources from our industrial economy in the interest of indirect Government subsidization of newly-mined metals and minerals.

Lands released from war use, not taken by States or local governments under their all-embracing prior rights of purchase, would have to be offered first in identical tracts to the former owner or, if deceased, to his wife or children, and then if suitable for agricultural

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use to any tenant of the former owner, at preferential prices; and next veterans and the wife and children of deceased veterans must be accorded preference in the purchase of property suitable for agricultural, residential or small business purposes. It requires no excessive imagination to envision the complexities, confusion and delay in tracing successive classes of beneficiaries and establishing their right to, or waiver of, priority benefits.

Viewing this bill in its total effects, our great national resources of surplus war property would be disposed of, not in the general public good in a manner designed to stimulate early return to full production and employment under our established system of private enterprise, but rather in the interest of special favor to privileged groups regardless of the effect upon our national economy and at the sacrifice of sound, efficient, and impartial Government administration. It would create confusion, duplication, conflict, and endless delays in Government operations. There would be no single direct line of Government authority clearly known and open to all who would do business with the Government.

The paramount requirement of a sound disposal program is the timely absorption into our civilian economy of this unprecedented mass of goods and equipment through recognized channels of orderly and efficient distribution with minimum disturbance of current peacetime production and trade. Marketing experts who have studied the problem believe that this objective can be attained only if room is left for selection in any of the channels of distribution, from manufacturer to retailer, appropriate to the kind and quantity of goods and current market and production conditions. But under

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the bill surplus property would have to be offered in each commercial area in the smallest commercial lots, with preferences accorded to small lot purchasers. Commercial lots, I am informed, may reach down to the level of quarter-dozen quantities of wearing apparel and common household articles. Another requirement is that veterans be given suitable preferences in the acquisition of surplus property useful in establishing their own small business, professional or agricultural enterprises. If this provision is to be meaningful, it would be difficult if not impossible of achievement through usual private avenues of distribution even at the retail level, and it might be viewed as requiring direct sales to consumers of individual pieces of property. Provision must also be made for sales in rural localities in quantities that will assure farmers and farm co-ops equal opportunities of purchase. If the Government must assure the attainment of these objectives through the means specified in this bill, then existing commercial channels of volume distribution must be by-passed, the disposition of surplus goods could not be synchronized with the distribution of new production giving new employment, and a vast and needless bureaucracy of Government employees would have to be maintained to effect direct sales at the lowest channels of distribution in all areas of the United States.

It is with great reluctance that I oppose the earnest judgment of Congress in these times. I share the desire for early establishment of Congressional policies to govern the disposition of surplus property and other problems attending demobilization and transition from war to peace. But pending further consideration of this legislation, I feel confident

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that the management and disposal of surplus property can be continued temporarily in an orderly manner under the policies and procedures already established by executive action.

TJL - 9/21/44

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

Reference your No. 7534 of September 13 with respect to license No. W-2215.

Telegram from Lafollette and Jeremias was not intended to preclude use of funds in enemy-occupied territory, French or otherwise. It was merely an instruction not to use funds in liberated areas.

THIS IS WRB CABLE TO DONDON NO. 4.

10:25 a.m.
September 21, 1944

FH:hd 9/20/44

CABLE TO AMERICAN POLITICAL ADVISOR, CASERTA, ITALY, FOR
ACKERMAN FROM WAR REFUGEE BOARD

McClelland has repeated to Board his message to you No. 71 of September 15 with respect to Slovakian situation. McClelland's suggestion is concurred in here and we are writing the Apostolic Delegate in Washington suggesting that the Holy See might find it appropriate to reiterate to Dr. Tiso and his associates through Sidor or otherwise that this Government views most seriously and will take into account in the future any part which Dr. Tiso or his associates may play in the deportation and persecutions of the Jews in Slovakia.

Please advise the Board of the results of your conversations with Mr. Taylor promptly.

THIS IS WEB CABLE NO. 49

3:30 p.m.
September 21, 1944

LSLesser:tmh 9-19-44 1:51

CONFIDENTIAL

No. 3121

Madrid, Spain, September 21, 1944.

Subject: Transmitting Copies of Embassy's Notes Verbales to Ministry of Foreign Affairs Relating to Proposed Exchange of German Nationals in Paraguay and Bolivia Against Persons in German-Controlled Territory in Possession of Paraguayan and Bolivian Documentation

The Honorable
The Secretary of State,
Washington.

Sir:

1/ With reference to the Department's telegram No. 2459 of September 5, 1944, 5 p.m., I have the honor to enclose a copy of the Embassy's Note Verbale No. 3046 of September 7, 1944 requesting, pursuant to instructions contained therein, that the Ministry of Foreign Affairs issue to its principal diplomatic representative in Asuncion instructions which will enable him to proceed with the compilation of a list of German nationals in Paraguay desiring repatriation.

2/ There is also enclosed a copy of the Embassy's Note Verbale No. 3122 of this date to the Ministry requesting, in accordance with the Department's telegram No. 2467 of September 5, 1944, midnight, that the Spanish Government use every means at its disposal to safeguard the lives of persons in German-controlled areas of Europe in possession of documents reflecting a claim to the protection of the Paraguayan and Bolivian Governments until such time as the exchange of such persons against German nationals held in Paraguay and Bolivia can be effected. Copies of the Embassy's Notes Verbales No. 2824 and 2825 of July 27, 1944, to which reference is made in this Note Verbale, were transmitted to the Department under cover of the Embassy's despatch No. 2903 of August 14, 1944.

Respectfully yours,

/s/ Carlton J. H. Hayes

Enclosures:

1. To Foreign Office,
No. 3046, September 7, 1944.
2. To Foreign Office,
No. 3122, September 21, 1944.

File No. 704

HNB/jf

Original to Department

(for Ozalid machines)

Copies to Asuncion and La Paz

COPY

Enclosure No. 1 to despatch No. 3121 dated September 21, 1944 from Carlton J. H. Hayes, American Ambassador, at Madrid, Spain on subject of Proposed Exchange of German Nationals in Paraguay and Bolivia Against Persons in German-Controlled Territory in Possession of Paraguayan and Bolivian Documentation.

No. 3046

NOTE VERBALE

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs and, with reference to its Note Verbale No. 2824 of July 27, 1944 and subsequent communications on the subject of the proposed exchange on Spanish territory of German nationals in Paraguay against persons in German-occupied territory in possession of documents reflecting a claim to the protection of the Paraguayan Government, has the honor to inform the Ministry that it has been advised by its Government that the Spanish Charge d'Affaires in Asuncion has stated that he feels himself unable to proceed with the compilation of a list of German nationals in Paraguay desiring repatriation without appropriate instructions from his Government.

In view of the importance of such a list in connection with preparations now being made for the proposed exchange, the Embassy has accordingly been instructed to request that the Ministry issue to its principal diplomatic representative in Asuncion, at its earliest convenience, instructions which will enable him to cooperate in this respect.

Madrid, September 7, 1944.

NWB/jf

732

COPY

Enclosure No. 2 to despatch No. 3121 dated September 21, 1944 from Carlton J. H. Hayes, American Ambassador, at Madrid, Spain on subject of Proposed Exchange of German Nationals in Paraguay and Belvia Against Persons in German-Controlled Territory in Possession of Paraguayan and Belvian Documentations.

No. 3122

NOTE VERBALE

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs and, with reference to its Notes Verbales No. 2824 and No. 2825 of July 27, 1944 and subsequent correspondence concerning the proposed exchange on Spanish territory of German nationals in Paraguay and Belvia against persons in German-controlled areas of Europe in possession of documents reflecting a claim to the protection of the Paraguayan and Belvian Governments, has the honor to express the earnest hope that, until such time as the contemplated departure of the latter individuals from German territory can be effected, the Spanish Government will use all means at its disposal to safeguard such persons against possible persecution at the hands of the German authorities in whose custody they find themselves. In view of the present uncertainty as to the date on which such exchange can be carried out, it would appear that its effective cooperation in this respect would, in fact, constitute the most efficacious contribution of the Spanish Government, both as the protecting Government with respect to Paraguayan and Belvian interests in German territory and as the Government of a nation inspired by humanitarian motives, to the task of saving the lives of the thousands of innocent persons who still dwell in the shadow of Nazi oppression and tyranny in Europe.

Madrid, September 21, 1944.

NHB/jf

7jf

ORIGINAL TEXT OF TELEGRAM SENT

FROM: Secretary of State, Washington
TO: American Legation, Bern
DATED: September 21, 1944
NUMBER: 3255

SECRET

FOR MCCLELLAND.

1. With reference to earlier communications regarding admission of Jewish children from Hungary, Amembassy Habana reports that by note of August 14 Cuban government agreed to lodge 1,000 refugee children now in France and Hungary. Amembassy London advised by IGC that Brazilian government is ready to accept 500 Jewish refugees children from Hungary.

2. With reference to your 5796 of September 3, clarification is desired, since Department's 2853 (erroneously given as 2863) of August 19, WRB's 130 was aimed at Swiss government rather than Intercross action. Nevertheless, Intercross attitude is regretted and you are requested to convey to Intercross Board's feeling that fear of mininterpretation should not be allowed to stand in the way if supervision of deportations can alleviate sufferengs of deportees. The very presence of Intercross observers might have a salutary effect beyond mere humanization of treatment during deportation. Refer to Department's 1806 of May 25.

3. With reference to your 5888 of September 7, regret is expressed at the inability of Swiss authorities to transmit message contained in Department's 2933 of August 25. In the opinion of the Board, the purpose would be accomplished by the mere awareness of Hungarian government ~~that~~ outside world is informed of abuses occuring in Hungary, whether or not they would accept the message in a formal sense.

4. With reference to your 5805 of September 4, paragraph two, it is considered here that docuements in question may be deemed to be covered by Salvadorian declaration reported in paragraph six of your 3871 of June 17. Accordingly, if in your judgment delivery of such documents would assist victims of enemy persecution, you may do so, simultaneously cabling Board indicating numbers of documents delivered and persons covered. It is also suggested that these persons be included in lists which you will present to Swiss authorities pursuant to Department's 2407 of July 13 paragraph numbered six and Department's 3180 of September 14 paragraph numbered one.

5. In the

5. In the same connection, the wisdom of using the term "fraudent" in any communication is seriously questioned, as being inconsistent with the stand taken by Department and Board and the Inter-American Emergency Advisory Committee for Political Defense.

6. With reference to your 5894 of September 7, please thank Swiss authorities for information reported therein and request them to continue pressing German government on basis of Department's 3180 of September 14, WRB's 164, and Department's 2490 of July 21.

7. Department's and Board's attention has been called to the case of Chil-Henryk Wilner, reported to be the son of an American citizen, and last known to have been in Belsenbergen.

Pursuant to Department's 1269 of April 13, 1944, please advise Swiss government that Wilner's claim to American citizenship, based on the citizenship of his father, is under investigation by the Department and that until the Swiss Government is specifically advised to the contrary by the Department, Wilner must be presumed to be a citizen of the United States in accordance with aforementioned Department's 1269. If necessary to protect Wilner, and consistent with protection of other claimants to nationality of any American Republic, Swiss may of course advise German authorities of the foregoing.

THIS IS WRB CABLE TO BERN NO. 175

HULL

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

Please transmit the following message to Issac Sternbuch,
3 Teufener Strasse, St. Gallen, Switzerland, from the Vaad Hahatzala
Emergency Committee:

QUOTE RECEIVED REPORT FROM WOLBE STOCKHOLM JEWISH
CONCENTRATION CAMP IN KROTINGEN LITHUANIA STOP
SUGGEST YOU CONTACT INTERNATIONAL REDCROSS GENEVA AND
URGE IMMEDIATE DISPATCH FOOD PARCELS TO KROTINGEN STOP
WEISMANDEL REQUESTS FUNDS FOR RESCUE DETAIL HIS PLANS
TO MCCLELLAND AND SALY MAYER SECURE THEIR FINANCIAL
PARTICIPATION CABLE WHAT DONE UNQUOTE

THIS IS WRB CABLE TO BERN NO. 181

2:15 p.m.
September 21, 1944

R Drury 9/21/44

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

Reference your No. 5925, September 8.

(1) Funds from Queen Wilhelmina Fund to Clement and Krier, under terms of the license issued Queen Wilhelmina Fund are to be spent in manner to be determined by Clement and Krier for purposes specified in license. Dutch Government here was advised of terms of license. It should be borne in mind, however, that under the terms of the license these funds may be used only for operations in enemy-controlled areas.

(2) In view of liberation of Belgium and Luxembourg please advise Clement and Krier that, under terms of licenses, funds of Belgian War Relief Society and Friends of Luxembourg may not be used for rescue and relief activities in Belgium and Luxembourg. It is, however, suggested that you ascertain from Clement and Krier if funds from these two organizations can be used in enemy or enemy-occupied territory for the purposes specified in the respective licenses. Friends of Luxembourg remitting \$20,000 this week.

THIS IS WRB CABLE TO BERN NO. 182

4:25 p.m.

September 31, 1944

FH:hd 9/20/44

HARRISON

DCH:EBH:MM 9/22/44 PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern

TO: Secretary of State, Washington

DATE: September 21, 1944

NUMBER: 6246

CONFIDENTIAL

McOlelland sends the following for the War Refugee Board.

The question of bringing 5000 Jewish children to Switzerland from Hungary appears to be a matter on which Mrs. Sternbuch has been working personally and which she transmitted to the United States for the attention of the Union of Rabbis. On the 20th of September I discussed the matter with her. Mrs. Sternbuch says that a diplomat who came to Switzerland recently from Hungary (whose name she was not at liberty to reveal) told her that according to information he had received from "competent German quarters", if convincing and concrete assurances were given by either the United States or British Governments that these children would be admitted to the United States and to the British Isles, the Germans would certainly permit 5000 children to leave Hungary by way of Switzerland. According to Mrs. Sternbuch's explanation of the matter the question of the Swiss Government considering as insufficient the guarantees given and sponsored by Great Britain and the United States that such children would be evacuated from Swiss territory did not therefore arise. The fact that the Swiss Government has been given appropriate guarantees is fully understood by Mrs. Sternbuch.

Reference is made in the above to the Department's September 15 cable No. 3194.

HARRISON

DCH:EBH:MM 9/22/44

MS-201

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

Bern

Dated September 21, 1944

Rec'd 9:25 p.m.

Secretary of State,
Washington.

6263, September 21, 6 p.m.

FOR WRB FROM MCCLELLAND.

Department's 3208, September 16.

ICRC has just received report from its delegates in Gothenburg concerning 15,002 parcels which arrived on GIPsholm. Regarding one lot comprising 1,667 shipping cartons containing 10,002 parcels, he states that individual parcel cartons were too large for contents which had moved around with result that considerable portion of sugar, for example, was lost. Balance of 5000 parcels were packed in smaller cartons so that contents were intact although tape incircling them was too weak to permit reshipping by mail without reconditioning. ICRC delegate further reports that outside of individual parcel cartons bore various texts in English which will make mailing into Germany for concentration camps difficult.

As regards packageing of future shipment of 285,000 parcels, ICRC strongly recommends that individual parcel cartons be compact, sturdy, not too large for contents, and bear on exterior no (repeat no) printing whatsoever in any language. Outer shipping carton should also be plain with exception of address "Delegate of International Committee of the Red Cross, Gothenburg, Sweden."

Regarding receipt cards, those enclosed in original 15,002 parcels were unfortunately not entirely satisfactory ICRC asks that American Red Cross have receipt cards printed according to sample being forwarded to American Red Cross by wirephoto September 22. Such receipt cards should be included in 185,000 parcels which will be sent into camps in collective shipments.

The balance of 100,000 parcels should contain no receipt cards whatsoever. ICRC will use these for individual mailing and will attach to each a special tag, back of which constitutes a receipt to be returned to ICRC, Geneva. Such tags have been used with considerable success so far.

-2- #6263, September 22, 6 p.m. from Bern

Very encouraging results have been recently obtained with first batch of parcels made up from Cristina goods and ICRC has already gotten back about 1500 receipt cards from camp of Dachau alone, each one bearing signatures and numbers of from 1 to 15 prisoners so that valuable data on at least five times number of prisoners as parcels sent has been received.

ICRC states that considerable difficulty is being encountered transshipping parcels Gothenburg to Germany concerning which I assume American Red Cross is keeping you posted.

Please express to American Red Cross ICRC'S warm appreciation of their invaluable aid in making up these parcels.

HARRISON

MJK

PARAPHRASE OF TELEGRAM KUNENAVEM

FROM : American Legation, Bern
TO : Secretary of State, Washington
DATED: September 21, 1944
NUMBER: 6265

CONFIDENTIAL

MOCLELLAND SENDS THE FOLLOWING TO WEB.

Reference is made herewith to Legation's telegram of September 9, 1944, No. 5971 and Department's telegram of September 7, 1944, No. 3091.

In answer to proposals by World Jewish Congress as to "camps" which might be included in the parcel program of ICRC, there has now been obtained from ICRC a full report, the substance of which is given below:

One. No longer necessary in Belgium.

Two. With respect to Netherlands, repeated attempts had been made by us to get parcels through to Westerbark and Vught. News was also received by us to the effect that no parcels were admitted to the Vught and negative results were also obtained in the case of Westerbark although information that collective shipments could be sent there was recently received by us through German Red Cross. This possibility is being closely examined by IRO Joint Relief Commission and it is planned to use funds left over from JDO \$100,000 sent to ICRC if it is feasible to do so. Also

WV

- 2 -

we were not successful in attempting to contact Westerbork through Protestant circles in Netherlands.

Three. Parcels are being sent to number 4 internees in Bergen-Belsen Germany and receipts are regularly received.

Four. In Poland, Oswiecim and Birkenau as well as other camps in Silesia have been ruled out because delivery guarantees were not sufficient. We do not know the other camps mentioned. It may be that the spelling is partly incorrect. More precise data from WGC would be appreciated.

Five. With respect to Austria, Mauthausen proper is a penitentiary where parcels are not received by beneficiaries although receipts have been received from camps attached to Mauthausen. It has not been possible for us to secure permission for one of our delegates to visit that establishment. As long as we have no satisfactory possibility of checking distribution, we are reluctant to include this camp in the parcel scheme.

Six. We have no delegate in Slovakia. It was recently reported that Czech resistance occupied camp of Sereď and the internees were freed.

Seven. With respect to Protectorate, we have never heard of an "Altenheim Prag" and it is believed that

some

- 3 -

some mistake must have been made. Our parcels are regularly received by the Rascinstadt.

Eight. All camps in Northern Italy containing Jews are under the control of the Gestapo and all of our attempts either to make visits or to send in relief have been without result thus far. Our efforts are being continued and a new "denarcho" is now being planned.

With respect to paragraph five, we have recently confidentially delegated a man returning to Austria who possesses the necessary contacts to provide us with as full report as possible on concentration camps there and to feel out various commanders of camps with a view to at least making it possible for prisoners to obtain parcels.

With respect to Jews imprisoned in northern Italy, constant attempts to organize rescue operations are being made by us both independently and in conjunction with Riegner of World Jewish Congress. However, the majority of the camps where Jews are imprisoned prior to deportation are situated in areas where Italian resistance rescue operations are geographically exceedingly difficult and dangerous. It is stated by resistance representatives here they they are too ill-equipped in arms, truck fuel, etc, to undertake operations such as these. Therefore it has been necessary to make aid to sending funds to finance people in hiding, under cover travel, acquiescence of local officials, false papers and other similar activity.

HARRISON

OEX-51

PLAIN

Moscow via Army

Dated September 21, 1944

Rec'd 2:28 p.m.

Secretary of State.

Washington.

3611, Twentyfirst.

Press for September 20 published Sofia despatch reporting establishment of Provisional Committee to help persons suffering from effects of policies pursued by Fascist Bulgarian Government. Committee has issued appeal asking for medical and other help for thousands of persons just released from prisons and concentration camps.

HARRIMAN

JMB

NOT TO BE RE-TRANSMITTEDSECRETOPTEL No. 308

Information received up to 10 A.M. 21st September 1944.

1. NAVAL

East Indies 18th. Aircraft from two British Carriers attacked railway repair and maintenance buildings SEGLI (N.E. SUMATRA). No enemy interference. One aircraft lost.

2. MILITARY

Western Europe All organised resistance in BREST and on CROZON PENINSULA ceased. Second British Army has captured NIJMEGEN and bridge over RHINE. Airborne Forces are fighting in West of ARNHEM: they have not capture the bridge but are holding a ferry to the West of the town.

Italy In ADRIATIC SECTOR only slight progress made towards RIMINI but further inland U.K. troops have reached positions about a mile north of RIMINI-SAN MARINO Road on a front of some three miles. In Central Sector Fifth Army have made further progress S.E. of FIRENZUOLA, capturing important heights. On West Coast a slight advance made in neighbourhood of PIETRASANTA.

Russia On Leningrad Front Russians have advanced 40 miles West from NARVA. In TARTU Sector they have advanced up to 45 miles Northwards on a 70 mile front along the West of LAKE PEIPUS.

3. AIR OPERATIONS

Western Front 19th. 163 A.E.A.F. Bombers dropped 223 tons on railway centres at BITBURG, GUNNE and ESCHWEILER. 497 Fighters operated over BREST and the LUXEMBOURG and SAARBRUCKEN Areas.

19th/20th. 645 tons dropped on RHEYDT. 20th. 634 Heavies (1 missing) dropped 3315 tons on strong points 5 miles West of CALAIS. 609 aircraft (2 missing) despatched to drop and land troop reinforcements and supplies in HOLLAND.

Mediterranean 19th. Escorted Liberators dropped 235 tons on railway bridges MITROVICA and KRASLJEVO in YUGOSLAVIA. 561 Fighters and Bombers provided close support in Italian Battle Area. 92 Escorted Fortresses returning from RUSSIA dropped 171 tons on SZOLNOK (HUNGARY) Railway Centre.

20th. 342 Heavy Bombers (1 missing) dropped 788 tons on railway centres and bridges in BUDAPEST area. 167 Heavy Bombers (1 missing) dropped 121 tons on BRATISLAVA and 221 tons on airfield 35 miles E.N.E. of VIENNA.